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BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

**COMMISSIONERS**

MIKE GLEASON, Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

2008 AUG -7 P 3: 38

AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF  
SANTA CRUZ WATER COMPANY AND PALO  
VERDE UTILITIES COMPANY TO AMEND  
DECISION NO. 68498 PURSUANT TO A.R.S.  
SECTION 40-252.

Docket No. SW-03575A-07-0305  
Docket No. W-03576A-07-0305

**Motion for Issuance of Certificate of  
Convenience and Necessity**

Global Water – Santa Cruz Water Company (“Santa Cruz”) and Global Water – Palo Verde Utilities Company (“Palo Verde”)(collectively, “Global Utilities”) respectfully move that the Commission issue Certificates of Convenience and Necessity (“CC&N”) pursuant to Decisions Nos. 68498 (Feb. 23, 2006) and 70133 (January 23, 2008)(collectively, the “Order Preliminary”). The last condition under the Order Preliminary is the dissolution of the 387 Domestic Water Improvement District and the 387 Wastewater Improvement District (collectively, the “387 Districts”). This last condition has now been satisfied. Attached as Exhibit A is a Resolution by the Board of Directors of the 387 Domestic Water Improvement District dissolving the water district. Attached as Exhibit B is a Resolution by the Board of Directors of the 387 Wastewater Improvement District dissolving the wastewater district. Under both resolutions, the dissolution of the districts takes effect automatically upon the Commission’s issuance of the CC&N.

**I. Background.**

The 387 Districts are located in and around the City of Maricopa in western Pinal County. The district lands, and surrounding areas, faced extraordinary growth over the last few years. Unfortunately, the 387 Districts were not able to cope with this growth. This inability created a

Arizona Corporation Commission

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1 crisis situation.<sup>1</sup> At the request of state and local officials, the Global Utilities resolved this crisis  
2 by interconnecting their systems to the systems of the 387 Districts. The Commission found that  
3 “the Companies have been placed in a unique situation because they were asked to intercede in an  
4 emergency situation to continue water and wastewater services to customers in the extension  
5 area....”<sup>2</sup>

6 As part of resolving this emergency situation, the Global Utilities also entered into an  
7 agreement to purchase the assets used by the 387 Districts and to manage the 387 Districts.  
8 Around this same time, the Global Utilities also filed an application for CC&Ns for the district  
9 lands. The application contemplated that the 387 Districts would be dissolved, and that utility  
10 service for the district lands would come under the regulatory authority of the Commission.  
11 Attached to the application were letters from landowners requesting to be de-annexed from the 387  
12 Districts and to be included in the CC&Ns of the Global Utilities.

13 However, the districts could not be dissolved due to possible litigation. Accordingly, in  
14 Decision No. 68498, the Commission issued an Order Preliminary subject to certain conditions,  
15 including the dissolution of the districts. The Order Preliminary expired but was reinstated and  
16 amended by Decision No. 70133 (January 23, 2008). That decision specifies that upon completion  
17 of the requirements specified in the Order Preliminary, the Global Utilities “shall each file a  
18 motion in this docket for the issuance of a Certificate of Convenience and Necessity....”  
19 (Decision No. 70133 at 12:20-28).

20 The litigation involving the 387 Districts has been resolved, and the 387 Districts are now  
21 ready to dissolve, as shown on the attached resolutions. Under the resolutions, the dissolution  
22 takes effect automatically upon the Commission’s issuance of the CC&Ns. Thus, the Commission  
23 will control the timing of the transition from district control to Commission regulation, and there  
24 will be no “gap period” between the two.

25  
26 <sup>1</sup> Decision No. 68498 at Finding of Fact No. 37.

27 <sup>2</sup> Decision No. 68498 at Finding of Fact No. 42.

## **II. Documentation of compliance with all conditions.**

The following chart lists all conditions in the Order Preliminary and documents how each one was satisfied.

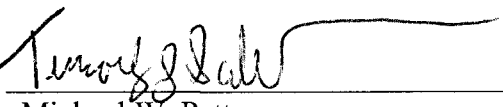
Condition	Due Date	Status	See Exhibit
Dissolve 387 Domestic Water Improvement District	N/A	Automatic upon ACC order; see attached resolution	A
Dissolve 387 Wastewater Improvement District	N/A	Automatic upon ACC order; see attached resolution	B
Charge authorized rates in extension area	N/A	Complete; the 387 rates were harmonized with the ACC-approved rates in 2005 (See Exhibit 9 to Application); the ACC-approved rates will continue to be charged in the extension area after the CC&N is issued	C
File ADEQ Approval of Construction for proposed water line interconnection	December 31, 2006	Condition removed by Decision No. 70133 (page 13, lines 1-4)	N/A
File amendment to Designation of Assured Water Supply	Feb. 23, 2007	Complete; filed on May 18, 2006	D
File ADEQ Approval to Construct (ATC) for arsenic remediation plan	May 24, 2006	Complete; filed on May 18, 2006	D
File City of Maricopa Franchise (Santa Cruz)	Feb. 23, 2007	Complete; filed on Feb. 22, 2007	E
ADEQ Approval of Construction (AOC) for sewer line interconnection	December 31, 2006	Condition removed by Decision No. 70133 (page 13, lines 5-8)	N/A
File CAAG 208 Amendment	May 24, 2006	Complete; filed on May 18, 2006	D
File City of Maricopa Franchise (Palo Verde)	Feb. 23, 2007	Complete; filed on Feb. 22, 2007	E

1 **III. Conclusion.**

2 The Global Utilities have satisfied all conditions of the Order Preliminary as granted in  
3 Decision No. 68498, as modified by Decision No. 70133. Accordingly, the Global Utilities  
4 respectfully request that the Commission issue Certificates of Convenience and Necessity to the  
5 Global Utilities for the areas covered by those decisions.

6  
7 RESPECTFULLY SUBMITTED this 7<sup>th</sup> day of August 2008.

8 ROSHKA DEWULF & PATTEN, PLC

9  
10 By   
11 Michael W. Patten  
12 Timothy J. Sabo  
13 One Arizona Center  
14 400 East Van Buren Street, Suite 800  
15 Phoenix, Arizona 85004

16 Attorneys for the Global Utilities  
17  
18  
19  
20  
21  
22  
23  
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25  
26  
27

ROSHKA DeWULF & PATTEN, PLC  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

1 Original + 15 copies of the foregoing  
2 filed this 7<sup>th</sup> day of August 2008, with:

3 Docket Control  
4 ARIZONA CORPORATION COMMISSION  
5 1200 West Washington  
6 Phoenix, Arizona 85007

7 Copies of the foregoing hand-delivered/mailed  
8 this 7<sup>th</sup> day of August 2008, to:

9 Lyn A. Farmer, Esq.  
10 Chief Administrative Law Judge  
11 Hearing Division  
12 Arizona Corporation Commission  
13 1200 West Washington  
14 Phoenix, Arizona 85007

15 Janice Alward, Esq.  
16 Chief Counsel, Legal Division  
17 Arizona Corporation Commission  
18 1200 West Washington  
19 Phoenix, Arizona 85007

20 Ernest G. Johnson, Esq.  
21 Director, Utilities Division  
22 Arizona Corporation Commission  
23 1200 West Washington  
24 Phoenix, Arizona 85007

25 Kenneth C. Sundlof, Jr., Esq.  
26 Jennings, Strouss & Salmon, P.L.C.  
27 The Collier Center, 11<sup>th</sup> Floor  
201 E. Washington Street  
Phoenix, Arizona 85004

Karen L. Peters, Esq.  
Squire Sanders & Dempsey, L.L.P.  
Two Renaissance Square  
40 North Central Avenue  
Suite 2700  
Phoenix, Arizona 85004-4498

By *Albino Mural*

ROSHKA DEWULF & PATTEN, PLC  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

Index to Exhibits

1		
2	<b>Exhibit</b>	<b>Description</b>
3	A	Resolution dissolving 387 Domestic Water Improvement District
4	B	Resolution dissolving 387 Wastewater Improvement District
5	C	Rate Resolutions from 2005
6	D	Compliance Filing for DAWS, Arsenic ATC and CAAG 208 Amendment
7	E	Compliance Filing for Franchise
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EXHIBIT

"A"

**RESOLUTION NO. 080608-387DWID**  
**A RESOLUTION OF THE 387 DOMESTIC WATER IMPROVEMENT DISTRICT**  
**BOARD OF DIRECTORS TO DISSOLVE THE 387 DOMESTIC WATER**  
**IMPROVEMENT DISTRICT PURSUANT TO A.R.S. §48-959**

WHEREAS, on May 21, 2003, pursuant to the provisions of A.R.S. § 48-901 et seq. the 387 Domestic Water Improvement District (the "District") was formed by the Pinal County Board of Supervisors ("Supervisors") pursuant to a petition presented by one hundred percent of the landowners of the proposed district; and

WHEREAS, upon creation of the District, the Supervisors established a Board of Directors for the District, which Board consisted of the three members of the Pinal County Board of Supervisors; and

WHEREAS, on June 25, 2003, the District entered into a contract with Sonoran Utility Services, LLC. ("Sonoran") for the management of the operations of the District, which contract was entitled "Water Supply and Management Services Agreement" (the "Sonoran Agreement"); and

WHEREAS, on September 1, 2005, the District entered into an agreement with Sonoran and Global Water Resources, LLC ("Global") to amend the Sonoran Agreement, which amended agreement was entitled "Agreement Relating to Assignment of Management Agreement for the 387 Domestic Water Improvement District" (the "Global Agreement"). The assignment of the Sonoran Agreement to Global had an effective date of March 30, 2005; and

WHEREAS, in 2006, petitions were presented to the Arizona Corporation Commission, and made available to the District, from nearly 100% of the landowners in the District requesting that their lands be deannexed from the District, and that their lands receive water service from Santa Cruz Water Company LLC, a subsidiary of Global, under the terms of a Certificate of Convenience and Necessity ("CC&N") approved by the Corporation Commission; and

WHEREAS, on February 23, 2006, in Decision No. 68498, Santa Cruz Water Company LLC, received an order preliminary to a certificate of convenience and necessity (CC&N) (the "Order Preliminary") from the Arizona Corporation Commission to provide water service to the District lands. Under the Order Preliminary, issuance of the CC&N was conditioned on the dissolution of the District; and

WHEREAS, the Order Preliminary expired but was reinstated by the Commission in Decision No. 70133 on January 23, 2008, in the name of Global Water – Santa Cruz Water Company ("Santa Cruz"), the successor to Santa Cruz Water Company, LLC; and

WHEREAS, on June 12, 2006, Sonoran filed a complaint in the Pinal County Superior Court entitled *Sonoran Utility Services v. Pinal County Board of Supervisors, et al.*, Pinal County Superior Court No. CV 200600927 ("Sonoran Litigation") against defendants Pinal County Board of Supervisors, 387 Domestic Water Improvement District, 387 Wastewater



Improvement District, and David Snider, in his capacity as a member of the Pinal County Board of Supervisors; and

WHEREAS, A.R.S. § 48-959 provides that a county improvement district may dissolve upon the assumption of its duties by a utility. The assumption of the duty to provide water service to District lands by Santa Cruz under a CC&N issued by the Corporation Commission meets the requirements for dissolution under this statute; and

WHEREAS, Global has tendered to the District, and the District on July 30, 2008 approved, an agreement to terminate the Global Agreement ("Termination Agreement"). The Termination Agreement provides that Global's subsidiary, Santa Cruz, will assume through the CC&N, the obligation to provide water service to the District lands as a public service corporation, and that the District will have no further responsibility for providing service to the District. The Termination Agreement further provides for releases and indemnification by both Global and Sonoran, of the District and its Board, Pinal County and its Supervisors, and each of their agents, employees and attorneys. A copy of the Termination Agreement is attached to and made a part of this Resolution; and

WHEREAS, the 387 Domestic Water Improvement District owns no assets, has no outstanding bonds, obligations or agreements other than the Global Agreement; and

WHEREAS, the 387 Domestic Water Improvement District is aware of no outstanding claims against the District. Both Global and Sonoran, by their signatures on the Termination Agreement, have released any claims that either may have against the District. Additionally, in accordance with the terms of the Termination Agreement, Global has agreed to provide ongoing insurance coverage to protect the District against unknown claims for a period of two years; and

WHEREAS, the Board of Directors of the 387 Domestic Water Improvement District finds that the conditions for dissolution under the provisions of A.R.S. § 48-959 shall be met upon satisfaction of the conditions set forth herein. The District has no known liabilities and its duties will be assumed by Global's subsidiary, Santa Cruz, an utility provider and Arizona public service corporation regulated by the Arizona Corporation Commission; and

WHEREAS, the Superintendent of the District has verified that the insurance coverage provided for by the Termination Agreement is in place; and

WHEREAS, the Superintendent of the District has verified that the litigation entitled *Sonoran Utility Services v. Pinal County Board of Supervisors, et al.*, Pinal County Superior Court No. CV 200600927 ("Sonoran Litigation") has been dismissed with prejudice; and

WHEREAS, the Superintendent of the District has verified that all outstanding expenses of the District have been paid,

IT IS HEREBY RESOLVED:

That it is the finding of the Pinal County Board of Supervisors acting as the Board of Directors of the 387 Domestic Water Improvement District that, upon the issuance by the Arizona Corporation Commission of its Certificate of Convenience and Necessity as contemplated by Arizona Corporation Commission Decisions Nos. 68498 and 70133, the District will no longer serve the purpose for which it was created, and that therefore, under the authority of A.R.S. § 48-959, the 387 Domestic Water Improvement District is hereby dissolved, contingent upon the issuance of said Certificate of Convenience and Necessity.

Upon the issuance of the Certificate of Convenience and Necessity, the dissolution of the District shall be automatic and shall require no further action. This Resolution, together with a copy of the Certificate of Convenience and Necessity, shall also serve as an Order of Dissolution and shall be recorded with the Pinal County Recorder.

IT IS FURTHER RESOLVED:

That the Chairman of the Board of Directors of the District and the Superintendent of the District are hereby authorized to sign:

1. Any other documents reasonably necessary to carry out the dissolution approved herein; and
2. Upon issuance of the Certificate of Convenience and Necessity, as specified above, official verification of the dissolution if requested by any party.

IT IS FURTHER RESOLVED:

That copies of this Resolution shall also be provided to the Pinal County Assessor, the Pinal County Treasurer, the Arizona Department of Environmental Quality and the Arizona Corporation Commission.

PASSED AND ADOPTED this 6<sup>th</sup> day of August, 2008.



David Snider,  
Chairman of the Board of Directors of the  
387 Domestic Water Improvement District

ATTEST:

*Sheri Cluff*

Sheri Cluff,  
Clerk of the Board



APPROVED AS TO FORM:

*Chris Roll*

---

Chris Roll, Chief Civil Deputy  
Pinal County Attorney

**Agreement to Terminate the  
Management Agreement for the 387 Domestic Water Improvement District and  
the Management Agreement for the 387 Wastewater Improvement District**

This "Termination Agreement" is made among the 387 Domestic Water Improvement District and the 387 Wastewater Improvement District (the "Districts"), Sonoran Utility Services, L.L.C. ("Sonoran"), Global Water Resources, L.L.C. ("Global"), and Global Water - Palo Verde Utilities Company ("Palo Verde") and Global Water - Santa Cruz Water Company ("Santa Cruz"), and Pinal County with an Effective Date of July 30, 2008.

**Recitals**

1. On June 25, 2003 the Districts entered into a Water Supply and Management Services Agreement and a Wastewater Supply and Management Agreement with Sonoran whereby Sonoran agreed to construct, own and operate the facilities necessary for the Districts to carry out their statutory purposes of providing water and wastewater services to their member lands ("Sonoran Agreements").
2. On September 1, 2005 the Districts, Sonoran and Global entered into agreements entitled Agreement Relating to Assignment of Management Agreement for the 387 Water Domestic Improvement District and Agreement Relating to Assignment of Management Agreement for the 387 Wastewater Improvement District ("Global Agreements"). Under the Global Agreements, among other things, the Districts approved the assignment of the Sonoran Agreements from Sonoran to Global with an effective assignment date of March 30, 2005.
3. In 2006 Global gathered petitions from the owners of nearly 100% of the lands in the Districts. The petitions requested that all of the lands within the Districts be deannexed from the Districts, and requested that the District lands receive regulated water and wastewater services from Palo Verde and Santa Cruz ("Global Subsidiaries") (the "Deannexation Petitions") under a Certificate of Convenience and Necessity ("CC&N") issued by the Arizona Corporation Commission. The petitions were presented to the Arizona Corporation Commission. As the Districts at the time were involved in litigation with Sonoran and could not have approved the deannexation, the petitions were not presented to the Pinal County Board of Supervisors, but were made available to the Districts.
4. On February 23, 2006, in Decision No. 68498, the Arizona Corporation Commission granted an Order Preliminary to CC&Ns for the predecessors of the Global Subsidiaries to provide regulated water and wastewater services respectively to the lands within the Districts. The Order Preliminary expired but was reinstated by the Commission in Decision No. 70133 on January 23, 2008. Once the conditions of the Order Preliminary are satisfied, the Commission is obligated to issue the final CC&Ns. The only remaining condition is that Districts be dissolved.

5. On June 12, 2006, Sonoran filed a complaint in the Pinal County Superior Court entitled *Sonoran Utility Services v. Pinal County Board of Supervisors, et al.*, Pinal County Superior Court No. CV 200600927 ("Sonoran Litigation") against defendants Pinal County Board of Supervisors, 387 Domestic Water Improvement District, 387 Wastewater Improvement District, and David Snider, in his capacity as a member of the Pinal County Board of Supervisors.

6. On or about January 18, 2008, judgment was entered in the Sonoran Litigation by the Superior Court, in favor of the County Defendants, and Sonoran has appealed that Judgment, with its appeal now pending before Division Two of the Arizona Court of Appeals as Case No. 2 CA-CV2008-0042.

7. Arizona Revised Statutes Section 48-959 provides:

**48-959. Dissolution of district**

**Any district organized under this article shall be dissolved by its board of directors when all bonds and other obligations of the district are paid or have become barred by the statute of limitations, and the operation and maintenance functions of the district or the major part thereof have been taken over by an incorporated city or town, by the county or by a utility.**

The parties believe that the dismissals, releases and indemnifications set forth in this Termination Agreement, the petition of the landowners to receive water and wastewater service from public service corporations, and the authorization of the Global subsidiaries by the Arizona Corporation Commission to provide water and wastewater service, meet the requirements for dissolution under this statute.

8. Upon execution of this Termination Agreement and the dissolution of the Districts, it is the intention of the parties that the Global Subsidiaries will provide regulated water and wastewater service under their CC&Ns, and that service provided by the Districts will end.

**Agreement**

Now therefore, for their mutual promises contained herein, and for other good and valuable consideration, the parties agree:

1. **Commencement of Regulated Utility Service**

Upon the execution of this Termination Agreement and a resolution of the District Boards to dissolve the Districts, the parties understand that the Corporation Commission will issue the final CC&Ns for the lands formerly within the Districts, and the Global

Subsidiaries shall then provide water and wastewater services to the lands formerly within the Districts pursuant to the CC&Ns.

2. Termination of Districts' Responsibilities

Following execution of this Termination Agreement, and upon certification to the District Boards that 1) The Sonoran Litigation has been dismissed by the Court (including the appeal), with prejudice, 2). All outstanding fees and obligations of the Districts have been paid, 3). The insurance contemplated by this Agreement has been purchased, the District Boards will consider Resolutions to terminate the Districts. In the event that the District Boards vote to adopt the Resolutions, then the District will be dissolved without further action by the Districts upon the issue by the Corporation Commission of CC&Ns to provide regulated water and wastewater service. Upon dissolution of the Districts the responsibility of Global to provide water and wastewater services to the 387 District Lands under the Global Agreements is terminated. The Global Agreements (including but not limited to the Security Agreement ("Security Agreement") recorded at Pinal County fee number 2005-134949 and the Escrow Instructions ("Escrow Instructions") recorded at Pinal County fee number 2005-134950 as well as any and all obligations related thereto) are terminated and replaced by the terms of this Termination Agreement. The Districts shall cause the Security Agreement and Escrow Instructions to be released of record prior to dissolution of the Districts.

3. Termination of Litigation

3.1 Upon execution of this Termination Agreement, Sonoran shall deliver to the Superintendent for the Districts a stipulation of dismissal with prejudice against all defendants, executed by Sonoran's counsel, of the Sonoran Litigation and of the appeal from the Sonoran Litigation. The Superintendent of the Districts shall be authorized to file the stipulation with the court upon execution of this Termination Agreement. The parties agree to take reasonable steps, if necessary, to notify the court of the pending dismissal, to seek extensions of time, and to take such other steps as may be reasonably necessary to effectuate a termination of the Sonoran Litigation. Sonoran also agrees that the Pinal Defendants, Pinal County, and its officers, directors, members, shareholders, employees, representatives, attorneys and agents, past and present, and David Snider shall have no indirect liability to Sonoran arising from the Sonoran litigation or from the litigation entitled *Sonoran Utility Services v. Lennar Communities Development, et al.*, Pinal County Superior Court No. CV 200600589, or from claims relating to Bera Ventures, or from any related litigation, including by way of example, liability from third party claims for contribution or vicarious liability. Sonoran shall take such additional steps as may be necessary to fulfill the intent of this provision.

4. Releases Relating to Sonoran

4.1 Upon the execution of this Termination Agreement Sonoran, on behalf of itself and its respective officers, directors, members, shareholders, employees, representatives, attorneys and agents, past and present, releases the Districts and Pinal County, and the Districts' and Pinal County's respective supervisors, board members, officers, directors,

members, shareholders, employees, representatives, attorneys and agents, past and present, from any and all claims, causes of action, liabilities, and damages arising from or relating in any manner to the Districts including claims relating to formation, operation, expansion and termination of the Districts.

4.2 Upon the dissolution of the Districts, the Districts and Pinal County release Sonoran and its respective officers, directors, members, shareholders, employees, representatives, attorneys and agents, past and present, from any and all claims, causes of action, liabilities, and damages arising from or relating in any manner to the Districts including claims relating to formation, operation, expansion and termination of the Districts. This release shall not affect the obligations set forth in this Termination Agreement.

5. Releases Relating to Global

5.1 Upon the execution of this Termination Agreement, Global and the Global Subsidiaries, on behalf of themselves and their respective officers, directors, members, shareholders, employees, representatives, attorneys and agents, past and present, releases the Districts and Pinal County, and the Districts' and Pinal County's respective supervisors, board members, officers, directors, members, shareholders, employees, representatives, attorneys and agents, past and present, from any and all claims, causes of action, liabilities, and damages arising from or relating in any manner to the Districts including claims relating to formation, operation, expansion and termination of the Districts.

5.2 Upon the dissolution of the Districts, the Districts and Pinal County release Global and the Global Subsidiaries and their respective officers, directors, members, shareholders, employees, representatives, attorneys and agents, past and present, from any and all claims, causes of action, liabilities, and damages arising from or relating in any manner to the Districts including claims relating to formation, operation, expansion and termination of the Districts. This release shall not affect the obligations set forth in this Termination Agreement.

6. Indemnification by Sonoran

6.1 Sonoran shall defend (by counsel reasonably approved by the Districts), indemnify and hold harmless the Districts' and Pinal County, and District's and Pinal County's respective officers, directors, members, shareholders, employees, and agents from and against any and all claims, causes of action, liabilities, damages, losses, fines, costs, fees and expenses (including reasonable attorneys' fees and expenses) arising from or relating in any way to the management and operation of the Districts through March 29, 2005, including without limitation any claims arising from the operation of the Districts, the management of the Districts by the District Boards, and the dissolution of the Districts.

7. Indemnification by Global

7.1 Global shall defend (by counsel reasonably approved by the Districts), indemnify and hold harmless the Districts and Pinal County, and the Districts' and Pinal County's respective officers, directors, members, shareholders, employees, and agents from and against any and all claims, causes of action, liabilities, damages, losses, fines, costs, fees and expenses (including reasonable attorneys' fees and expenses) arising from or relating in any way to the management and operation of the Districts from March 30, 2005 to the present, including without limitation any claims arising from the operation of the Districts, the management of the Districts by the District Boards, and the dissolution of the Districts.

8. Maintenance of Insurance Coverage by Global

8.1 For two years following the Effective Date of this Termination Agreement, Global shall maintain on behalf the Districts, and their respective officers, directors, members, shareholders, employees, and agents (Insured Parties), casualty coverage insuring against claims made against the Insured Parties relating to and arising out of the operation of the Districts with policy limits of at least \$5 million.

9. Payment of Attorneys' Fees

9.1 Except as to payment by Sonoran as required by paragraph 9.2, Global shall pay the reasonable costs and attorneys' fees of the Districts and Pinal County which in any way relate to the Districts, including without limitation attorneys fees relating to the negotiation of this Termination Agreement and the dissolution of the Districts and attorneys' fees related to litigation involving the Districts.

9.2 Upon execution of this Termination Agreement, Sonoran shall deliver to the Superintendent for the Districts payment, by certified funds, in the amount of \$28,154.00, payable to the Pinal County Treasurer, as and for satisfaction of the award of attorneys' fees entered in favor of the County Defendants in the Sonoran Litigation. Upon receipt of such payment, counsel for the County Defendants shall promptly record a Satisfaction of Judgment, and record certified copies thereof in each county in which a copy of the Judgment has previously been recorded.

10. Miscellaneous Terms

10.1 Entire Agreement. This Termination Agreement constitutes the entire agreement between the Parties with respect to the dissolution of the Districts, and all prior or contemporaneous oral or written agreements, understandings, statements, representations or warranties between the parties with respect thereto other than those set forth herein or herein provided for, are hereby superseded and merged herein. The resolution of claims between Sonoran and Global and/or Global's subsidiaries and/or affiliates, if any, is addressed in separate documentation. Nothing in this Agreement constitutes a release, waiver, or modification of any claims, defenses, or obligations as between Global and Sonoran.



10.2 Modifications. No modification or waiver of any provision of this Termination Agreement shall be binding upon the party against whom it is sought to be enforced, unless specifically set forth in a writing signed by an authorized representative of that Party. A waiver by any party of any of the terms or conditions of this Termination Agreement in any one instance shall not be deemed or construed to be a waiver of such terms or conditions for the future, or of any subsequent breach thereof. The failure by any party at any time to enforce any of the provisions of this Termination Agreement, or to require at any time performance of any of the provisions hereof, shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Termination Agreement or the right of any party to thereafter enforce each and every provision of this Termination Agreement.

10.3 Attorneys' Fees and Costs. If any party to this Termination Agreement shall bring any action, suit, counterclaim, appeal, or arbitration for any relief against the other, declaratory or otherwise, to enforce the terms hereof or to declare rights hereunder (collectively "Action"), the losing party shall pay to the prevailing party a reasonable sum for attorneys' fees and costs incurred in bringing and prosecuting or defending such Action and/or enforcing any judgment, order, or ruling (collectively "Decision") granted therein. Any Decision entered in such Action shall contain a specific provision providing for the recovery of attorneys' fees and costs incurred in enforcing such Decision. The court or arbitrator may fix the amount of reasonable attorneys' fees and costs on the request of any Party. For the purposes of this section, attorneys' fees shall include, without limitation, fees incurred in the following: (a) postjudgment motions and collection actions; (b) contempt proceedings; (c) garnishment, levy, and debtor and third party examinations; (d) discovery; and (e) bankruptcy litigation.

10.4 Section and Other Headings. The section and other headings contained in this Termination Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Termination Agreement.

10.5 Successors. Except as otherwise specifically provided in this Termination Agreement, this Termination Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the Parties hereto and their respective successors and permitted assigns and other legal representatives.

10.6 Counterparts. This Termination Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which together will constitute one instrument.

10.7 Governing Law. This Termination Agreement will be construed and enforced in accordance with and governed by the substantive laws of the State of Arizona.

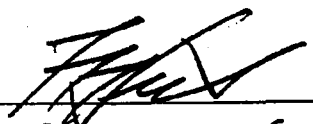

10.8 Notices. Any notice or other communication to be given or served upon any party hereto must be in writing, and delivered to the other parties (i) in person, (ii) by facsimile transmission (with the original and a copy of the facsimile confirmation following in the United States mail), (iii) by overnight delivery service (including Federal Express), or (iv) by certified mail, return receipt requested. Such notice will be deemed received upon

receipt or proof of refusal to accept delivery. Notice or other communication will go to the parties at the following addresses:


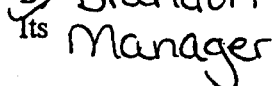
If to Districts:	Terry Doolittle Manager 387 Water Domestic Improvement District
If to Sonoran:	Ashton Wolfswinkel Sonoran Utility Services, L.L.C. 1121 West Warner Road, Suite 109 Tempe, Arizona 85284
With a copy to:	Lawrence C. Wright, Esq. Wright & Associates Suite 3500 Financial Plaza 1201 South Alma School Road Mesa, Arizona 85210
If to Global, Palo Verde or Santa Cruz	Trevor Hill Global Water Resources, L.L.C. 21410 North 19 <sup>th</sup> Avenue #201 Phoenix, Arizona 85027
With a copy to:	Andrew Abraham, Esq. Burch & Cracchiolo, P.A. 702 East Osborn Road, Suite 200 Phoenix, Arizona 85014

This Termination Agreement is made as of the Effective Date:

GLOBAL WATER RESOURCES, L.L.C.

By   
Its 

SONORAN UTILITY SERVICES, L.L.C.

By   
Its  Brandon D. Wolfswinkel  
Manager

GLOBAL WATER - PALO VERDE UTILITIES COMPANY

By [Signature]  
Its President & CEO

GLOBAL WATER - SANTA CRUZ WATER COMPANY

By [Signature]  
Its President & CEO

387 WATER DOMESTIC IMPROVEMENT DISTRICT

By David Snider  
Its District Chairman

387 WASTEWATER IMPROVEMENT DISTRICT

By David Snider  
Its District Chairman

Pinal County Agrees to the release provisions of paragraph 4.2 and 5.2

PINAL COUNTY



By David Snider  
Chair of the Board of Supervisors

Attest: [Signature]  
Clerk of the Board 7-30-08

EXHIBIT

"B"

**RESOLUTION NO. 080608-387WID**  
**A RESOLUTION OF THE 387 WASTEWATER IMPROVEMENT DISTRICT BOARD**  
**OF DIRECTORS TO DISSOLVE THE 387 WASTEWATER IMPROVEMENT**  
**DISTRICT PURSUANT TO A.R.S. §48-959**

WHEREAS, on May 21, 2003, pursuant to the provisions of A.R.S. § 48-901 et seq. the 387 Wastewater Improvement District (the "District") was formed by the Pinal County Board of Supervisors ("Supervisors") pursuant to a petition presented by one hundred percent of the landowners of the proposed district; and

WHEREAS, upon creation of the District, the Supervisors established a Board of Directors for the District, which Board consisted of the three members of the Pinal County Board of Supervisors; and

WHEREAS, on June 25, 2003, the District entered into a contract with Sonoran Utility Services, LLC. ("Sonoran") for the management of the operations of the District, which contract was entitled "Wastewater Treatment, Collection and Management Services Agreement" (the "Sonoran Agreement"); and

WHEREAS, on September 1, 2005, the District entered into an agreement with Sonoran and Global Water Resources, LLC ("Global") to amend the Sonoran Agreement, which amended agreement was entitled "Agreement Relating to Assignment of Management Agreement for the 387 Wastewater Improvement District" (the "Global Agreement"). The assignment of the Sonoran Agreement to Global had an effective date of March 30, 2005; and

WHEREAS, in 2006, petitions were presented to the Arizona Corporation Commission, and made available to the District, from nearly 100% of the landowners in the District requesting that their lands be deannexed from the District, and that their lands receive wastewater service from Palo Verde Utilities Company LLC, a subsidiary of Global, under the terms of a Certificate of Convenience and Necessity ("CC&N") approved by the Corporation Commission; and

WHEREAS, on February 23, 2006, in Decision No. 68498, Palo Verde Utilities Company LLC, received an order preliminary to a certificate of convenience and necessity (CC&N) (the "Order Preliminary") from the Arizona Corporation Commission to provide wastewater service to the District lands. Under the Order Preliminary, issuance of the CC&N was conditioned on the dissolution of the District; and

WHEREAS, the Order Preliminary expired but was reinstated by the Commission in Decision No. 70133 on January 23, 2008, in the name of Global Water – Palo Verde Utilities Company ("Palo Verde"), the successor to Palo Verde Utilities Company, LLC; and

WHEREAS, on June 12, 2006, Sonoran filed a complaint in the Pinal County Superior Court entitled *Sonoran Utility Services v. Pinal County Board of Supervisors, et al.*, Pinal County Superior Court No. CV 200600927 ("Sonoran Litigation") against defendants Pinal County Board of Supervisors, 387 Domestic Water Improvement District, 387 Wastewater

Improvement District, and David Snider, in his capacity as a member of the Pinal County Board of Supervisors; and

WHEREAS, A.R.S. § 48-959 provides that a county improvement district may dissolve upon the assumption of its duties by a utility. The assumption of the duty to provide wastewater service to District lands by Palo Verde under a CC&N issued by the Corporation Commission meets the requirements for dissolution under this statute; and

WHEREAS, Global has tendered to the District, and the District on July 30, 2008, approved, an agreement to terminate the Global Agreement ("Termination Agreement"). The Termination Agreement provides that Global's subsidiary, Palo Verde, will assume through the CC&N, the obligation to provide wastewater service to the District lands as a public service corporation, and that the District will have no further responsibility for providing service to the District. The Termination Agreement further provides for releases and indemnification by both Global and Sonoran, of the District and its Board, Pinal County and its Supervisors, and each of their agents, employees and attorneys. A copy of the Termination Agreement is attached to and made a part of this Resolution; and

WHEREAS, the 387 Wastewater Improvement District owns no assets, has no outstanding bonds, obligations or agreements other than the Global Agreement; and

WHEREAS, the 387 Wastewater Improvement District is aware of no outstanding claims against the District. Both Global and Sonoran, by their signatures on the Termination Agreement, have released any claims that either may have against the District. Additionally, in accordance with the terms of the Termination Agreement, Global has agreed to provide ongoing insurance coverage to protect the District against unknown claims for a period of two years; and

WHEREAS, the Board of Directors of the 387 Wastewater Improvement District finds that the conditions for dissolution under the provisions of A.R.S. § 48-959 shall be met upon satisfaction of the conditions set forth herein. The District has no known liabilities and its duties will be assumed by Global's subsidiary, Palo Verde, an utility provider and Arizona public service corporation regulated by the Arizona Corporation Commission; and

WHEREAS, the Superintendent of the District has verified that the insurance coverage provided for by the Termination Agreement is in place; and

WHEREAS, the Superintendent of the District has verified that the litigation entitled *Sonoran Utility Services v. Pinal County Board of Supervisors, et al.*, Pinal County Superior Court No. CV 200600927 ("Sonoran Litigation") has been dismissed with prejudice; and

WHEREAS, the Superintendent of the District has verified that all outstanding expenses of the District have been paid,

IT IS HEREBY RESOLVED:

That it is the finding of the Pinal County Board of Supervisors acting as the Board of Directors of the 387 Wastewater Improvement District that, upon the issuance by the Arizona Corporation Commission of its Certificate of Convenience and Necessity as contemplated by Arizona Corporation Commission Decisions Nos. 68498 and 70133, the District will no longer serve the purpose for which it was created, and that therefore, under the authority of A.R.S. § 48-959, the 387 Wastewater Improvement District is hereby dissolved, contingent upon the issuance of said Certificate of Convenience and Necessity.

Upon the issuance of the Certificate of Convenience and Necessity, the dissolution of the District shall be automatic and shall require no further action. This Resolution, together with a copy of the Certificate of Convenience and Necessity, shall also serve as an Order of Dissolution and shall be recorded with the Pinal County Recorder.

IT IS FURTHER RESOLVED:

That the Chairman of the Board of Directors of the District and the Superintendent of the District are hereby authorized to sign:

1. Any other documents reasonably necessary to carry out the dissolution approved herein; and
2. Upon issuance of the Certificate of Convenience and Necessity, as specified above, official verification of the dissolution if requested by any party.

IT IS FURTHER RESOLVED:

That copies of this Resolution shall also be provided to the Pinal County Assessor, the Pinal County Treasurer, the Arizona Department of Environmental Quality and the Arizona Corporation Commission.

PASSED AND ADOPTED this 6th day of August, 2008.



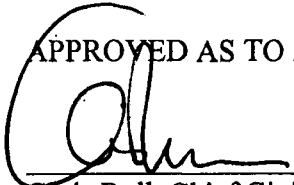
David Snider,  
Chairman of the Board of Directors of the  
387 Wastewater Improvement District

ATTEST:

A handwritten signature in cursive script, appearing to read "Sheri Cluff".

Sheri Cluff,  
Clerk of the Board

APPROVED AS TO FORM:

A handwritten signature in cursive script, appearing to read "Chris Roll".

---

Chris Roll, Chief Civil Deputy  
Pinal County Attorney



**Agreement to Terminate the  
Management Agreement for the 387 Domestic Water Improvement District and  
the Management Agreement for the 387 Wastewater Improvement District**

This "Termination Agreement" is made among the 387 Domestic Water Improvement District and the 387 Wastewater Improvement District (the "Districts"), Sonoran Utility Services, L.L.C. ("Sonoran"), Global Water Resources, L.L.C. ("Global"), and Global Water - Palo Verde Utilities Company ("Palo Verde") and Global Water - Santa Cruz Water Company ("Santa Cruz"), and Pinal County with an Effective Date of July 30, 2008.

**Recitals**

1. On June 25, 2003 the Districts entered into a Water Supply and Management Services Agreement and a Wastewater Supply and Management Agreement with Sonoran whereby Sonoran agreed to construct, own and operate the facilities necessary for the Districts to carry out their statutory purposes of providing water and wastewater services to their member lands ("Sonoran Agreements").
2. On September 1, 2005 the Districts, Sonoran and Global entered into agreements entitled Agreement Relating to Assignment of Management Agreement for the 387 Water Domestic Improvement District and Agreement Relating to Assignment of Management Agreement for the 387 Wastewater Improvement District ("Global Agreements"). Under the Global Agreements, among other things, the Districts approved the assignment of the Sonoran Agreements from Sonoran to Global with an effective assignment date of March 30, 2005.
3. In 2006 Global gathered petitions from the owners of nearly 100% of the lands in the Districts. The petitions requested that all of the lands within the Districts be deannexed from the Districts, and requested that the District lands receive regulated water and wastewater services from Palo Verde and Santa Cruz ("Global Subsidiaries") (the "Deannexation Petitions") under a Certificate of Convenience and Necessity ("CC&N") issued by the Arizona Corporation Commission. The petitions were presented to the Arizona Corporation Commission. As the Districts at the time were involved in litigation with Sonoran and could not have approved the deannexation, the petitions were not presented to the Pinal County Board of Supervisors, but were made available to the Districts.
4. On February 23, 2006, in Decision No. 68498, the Arizona Corporation Commission granted an Order Preliminary to CC&Ns for the predecessors of the Global Subsidiaries to provide regulated water and wastewater services respectively to the lands within the Districts. The Order Preliminary expired but was reinstated by the Commission in Decision No. 70133 on January 23, 2008. Once the conditions of the Order Preliminary are satisfied, the Commission is obligated to issue the final CC&Ns. The only remaining condition is that Districts be dissolved.

5. On June 12, 2006, Sonoran filed a complaint in the Pinal County Superior Court entitled *Sonoran Utility Services v. Pinal County Board of Supervisors, et al.*, Pinal County Superior Court No. CV 200600927 ("Sonoran Litigation") against defendants Pinal County Board of Supervisors, 387 Domestic Water Improvement District, 387 Wastewater Improvement District, and David Snider, in his capacity as a member of the Pinal County Board of Supervisors.

6. On or about January 18, 2008, judgment was entered in the Sonoran Litigation by the Superior Court, in favor of the County Defendants, and Sonoran has appealed that Judgment, with its appeal now pending before Division Two of the Arizona Court of Appeals as Case No. 2 CA-CV2008-0042.

7. Arizona Revised Statutes Section 48-959 provides:

**48-959. Dissolution of district**

**Any district organized under this article shall be dissolved by its board of directors when all bonds and other obligations of the district are paid or have become barred by the statute of limitations, and the operation and maintenance functions of the district or the major part thereof have been taken over by an incorporated city or town, by the county or by a utility.**

The parties believe that the dismissals, releases and indemnifications set forth in this Termination Agreement, the petition of the landowners to receive water and wastewater service from public service corporations, and the authorization of the Global subsidiaries by the Arizona Corporation Commission to provide water and wastewater service, meet the requirements for dissolution under this statute.

8. Upon execution of this Termination Agreement and the dissolution of the Districts, it is the intention of the parties that the Global Subsidiaries will provide regulated water and wastewater service under their CC&Ns, and that service provided by the Districts will end.

**Agreement**

Now therefore, for their mutual promises contained herein, and for other good and valuable consideration, the parties agree:

1. **Commencement of Regulated Utility Service**

Upon the execution of this Termination Agreement and a resolution of the District Boards to dissolve the Districts, the parties understand that the Corporation Commission will issue the final CC&Ns for the lands formerly within the Districts, and the Global

Subsidiaries shall then provide water and wastewater services to the lands formerly within the Districts pursuant to the CC&Ns.

2. Termination of Districts' Responsibilities

Following execution of this Termination Agreement, and upon certification to the District Boards that 1) The Sonoran Litigation has been dismissed by the Court (including the appeal), with prejudice, 2). All outstanding fees and obligations of the Districts have been paid, 3). The insurance contemplated by this Agreement has been purchased, the District Boards will consider Resolutions to terminate the Districts. In the event that the District Boards vote to adopt the Resolutions, then the District will be dissolved without further action by the Districts upon the issue by the Corporation Commission of CC&Ns to provide regulated water and wastewater service. Upon dissolution of the Districts the responsibility of Global to provide water and wastewater services to the 387 District Lands under the Global Agreements is terminated. The Global Agreements (including but not limited to the Security Agreement ("Security Agreement") recorded at Pinal County fee number 2005-134949 and the Escrow Instructions ("Escrow Instructions") recorded at Pinal County fee number 2005-134950 as well as any and all obligations related thereto) are terminated and replaced by the terms of this Termination Agreement. The Districts shall cause the Security Agreement and Escrow Instructions to be released of record prior to dissolution of the Districts.

3. Termination of Litigation

3.1 Upon execution of this Termination Agreement, Sonoran shall deliver to the Superintendent for the Districts a stipulation of dismissal with prejudice against all defendants, executed by Sonoran's counsel, of the Sonoran Litigation and of the appeal from the Sonoran Litigation. The Superintendent of the Districts shall be authorized to file the stipulation with the court upon execution of this Termination Agreement. The parties agree to take reasonable steps, if necessary, to notify the court of the pending dismissal, to seek extensions of time, and to take such other steps as may be reasonably necessary to effectuate a termination of the Sonoran Litigation. Sonoran also agrees that the Pinal Defendants, Pinal County, and its officers, directors, members, shareholders, employees, representatives, attorneys and agents, past and present, and David Snider shall have no indirect liability to Sonoran arising from the Sonoran litigation or from the litigation entitled *Sonoran Utility Services v. Lennar Communities Development, et al.*, Pinal County Superior Court No. CV 200600589, or from claims relating to Bera Ventures, or from any related litigation, including by way of example, liability from third party claims for contribution or vicarious liability. Sonoran shall take such additional steps as may be necessary to fulfill the intent of this provision.

4. Releases Relating to Sonoran

4.1 Upon the execution of this Termination Agreement Sonoran, on behalf of itself and its respective officers, directors, members, shareholders, employees, representatives, attorneys and agents, past and present, releases the Districts and Pinal County, and the Districts' and Pinal County's respective supervisors, board members, officers, directors,

members, shareholders, employees, representatives, attorneys and agents, past and present, from any and all claims, causes of action, liabilities, and damages arising from or relating in any manner to the Districts including claims relating to formation, operation, expansion and termination of the Districts.

4.2 Upon the dissolution of the Districts, the Districts and Pinal County release Sonoran and its respective officers, directors, members, shareholders, employees, representatives, attorneys and agents, past and present, from any and all claims, causes of action, liabilities, and damages arising from or relating in any manner to the Districts including claims relating to formation, operation, expansion and termination of the Districts. This release shall not affect the obligations set forth in this Termination Agreement.

5. Releases Relating to Global

5.1 Upon the execution of this Termination Agreement, Global and the Global Subsidiaries, on behalf of themselves and their respective officers, directors, members, shareholders, employees, representatives, attorneys and agents, past and present, releases the Districts and Pinal County, and the Districts' and Pinal County's respective supervisors, board members, officers, directors, members, shareholders, employees, representatives, attorneys and agents, past and present, from any and all claims, causes of action, liabilities, and damages arising from or relating in any manner to the Districts including claims relating to formation, operation, expansion and termination of the Districts.

5.2 Upon the dissolution of the Districts, the Districts and Pinal County release Global and the Global Subsidiaries and their respective officers, directors, members, shareholders, employees, representatives, attorneys and agents, past and present, from any and all claims, causes of action, liabilities, and damages arising from or relating in any manner to the Districts including claims relating to formation, operation, expansion and termination of the Districts. This release shall not affect the obligations set forth in this Termination Agreement.

6. Indemnification by Sonoran

6.1 Sonoran shall defend (by counsel reasonably approved by the Districts), indemnify and hold harmless the Districts' and Pinal County, and District's and Pinal County's respective officers, directors, members, shareholders, employees, and agents from and against any and all claims, causes of action, liabilities, damages, losses, fines, costs, fees and expenses (including reasonable attorneys' fees and expenses) arising from or relating in any way to the management and operation of the Districts through March 29, 2005, including without limitation any claims arising from the operation of the Districts, the management of the Districts by the District Boards, and the dissolution of the Districts.

7. Indemnification by Global

7.1 Global shall defend (by counsel reasonably approved by the Districts), indemnify and hold harmless the Districts and Pinal County, and the Districts' and Pinal County's respective officers, directors, members, shareholders, employees, and agents from and against any and all claims, causes of action, liabilities, damages, losses, fines, costs, fees and expenses (including reasonable attorneys' fees and expenses) arising from or relating in any way to the management and operation of the Districts from March 30, 2005 to the present, including without limitation any claims arising from the operation of the Districts, the management of the Districts by the District Boards, and the dissolution of the Districts.

8. Maintenance of Insurance Coverage by Global

8.1 For two years following the Effective Date of this Termination Agreement, Global shall maintain on behalf the Districts, and their respective officers, directors, members, shareholders, employees, and agents (Insured Parties), casualty coverage insuring against claims made against the Insured Parties relating to and arising out of the operation of the Districts with policy limits of at least \$5 million.

9. Payment of Attorneys' Fees

9.1 Except as to payment by Sonoran as required by paragraph 9.2, Global shall pay the reasonable costs and attorneys' fees of the Districts and Pinal County which in any way relate to the Districts, including without limitation attorneys fees relating to the negotiation of this Termination Agreement and the dissolution of the Districts and attorneys' fees related to litigation involving the Districts.

9.2 Upon execution of this Termination Agreement, Sonoran shall deliver to the Superintendent for the Districts payment, by certified funds, in the amount of \$28,154.00, payable to the Pinal County Treasurer, as and for satisfaction of the award of attorneys' fees entered in favor of the County Defendants in the Sonoran Litigation. Upon receipt of such payment, counsel for the County Defendants shall promptly record a Satisfaction of Judgment, and record certified copies thereof in each county in which a copy of the Judgment has previously been recorded.

10. Miscellaneous Terms

10.1 Entire Agreement. This Termination Agreement constitutes the entire agreement between the Parties with respect to the dissolution of the Districts, and all prior or contemporaneous oral or written agreements, understandings, statements, representations or warranties between the parties with respect thereto other than those set forth herein or herein provided for, are hereby superseded and merged herein. The resolution of claims between Sonoran and Global and/or Global's subsidiaries and/or affiliates, if any, is addressed in separate documentation. Nothing in this Agreement constitutes a release, waiver, or modification of any claims, defenses, or obligations as between Global and Sonoran.

10.2 Modifications. No modification or waiver of any provision of this Termination Agreement shall be binding upon the party against whom it is sought to be enforced, unless specifically set forth in a writing signed by an authorized representative of that Party. A waiver by any party of any of the terms or conditions of this Termination Agreement in any one instance shall not be deemed or construed to be a waiver of such terms or conditions for the future, or of any subsequent breach thereof. The failure by any party at any time to enforce any of the provisions of this Termination Agreement, or to require at any time performance of any of the provisions hereof, shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Termination Agreement or the right of any party to thereafter enforce each and every provision of this Termination Agreement.

10.3 Attorneys' Fees and Costs. If any party to this Termination Agreement shall bring any action, suit, counterclaim, appeal, or arbitration for any relief against the other, declaratory or otherwise, to enforce the terms hereof or to declare rights hereunder (collectively "Action"), the losing party shall pay to the prevailing party a reasonable sum for attorneys' fees and costs incurred in bringing and prosecuting or defending such Action and/or enforcing any judgment, order, or ruling (collectively "Decision") granted therein. Any Decision entered in such Action shall contain a specific provision providing for the recovery of attorneys' fees and costs incurred in enforcing such Decision. The court or arbitrator may fix the amount of reasonable attorneys' fees and costs on the request of any Party. For the purposes of this section, attorneys' fees shall include, without limitation, fees incurred in the following: (a) postjudgment motions and collection actions; (b) contempt proceedings; (c) garnishment, levy, and debtor and third party examinations; (d) discovery; and (e) bankruptcy litigation.

10.4 Section and Other Headings. The section and other headings contained in this Termination Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Termination Agreement.

10.5 Successors. Except as otherwise specifically provided in this Termination Agreement, this Termination Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the Parties hereto and their respective successors and permitted assigns and other legal representatives.

10.6 Counterparts. This Termination Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which together will constitute one instrument.

10.7 Governing Law. This Termination Agreement will be construed and enforced in accordance with and governed by the substantive laws of the State of Arizona.



10.8 Notices. Any notice or other communication to be given or served upon any party hereto must be in writing, and delivered to the other parties (i) in person, (ii) by facsimile transmission (with the original and a copy of the facsimile confirmation following in the United States mail), (iii) by overnight delivery service (including Federal Express), or (iv) by certified mail, return receipt requested. Such notice will be deemed received upon

receipt or proof of refusal to accept delivery. Notice or other communication will go to the parties at the following addresses:

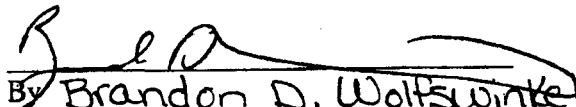
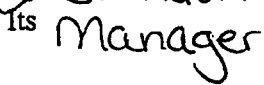
If to Districts:	Terry Doolittle Manager 387 Water Domestic Improvement District
If to Sonoran:	Ashton Wolfswinkel Sonoran Utility Services, L.L.C. 1121 West Warner Road, Suite 109 Tempe, Arizona 85284
With a copy to:	Lawrence C. Wright, Esq. Wright & Associates Suite 3500 Financial Plaza 1201 South Alma School Road Mesa, Arizona 85210
If to Global, Palo Verde or Santa Cruz	Trevor Hill Global Water Resources, L.L.C. 21410 North 19 <sup>th</sup> Avenue #201 Phoenix, Arizona 85027
With a copy to:	Andrew Abraham, Esq. Burch & Cracchiolo, P.A. 702 East Osborn Road, Suite 200 Phoenix, Arizona 85014

This Termination Agreement is made as of the Effective Date:

GLOBAL WATER RESOURCES, L.L.C.

By   
Its 

SONORAN UTILITY SERVICES, L.L.C.

By   
Its  Brandon D. Wolfswinkel  
Manager

GLOBAL WATER - PALO VERDE UTILITIES COMPANY

By  
Its

[Signature]  
PRESIDENT & CEO

GLOBAL WATER - SANTA CRUZ WATER COMPANY

By  
Its

[Signature]  
PRESIDENT & CEO

387 WATER DOMESTIC IMPROVEMENT DISTRICT

By

Its District Chairman

David Snider

387 WASTEWATER IMPROVEMENT DISTRICT

By

Its District Chairman

David Snider

Pinal County Agrees to the release provisions of paragraph 4.2 and 5.2

PINAL COUNTY

By

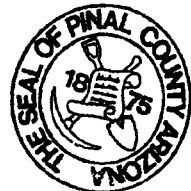
Chair of the Board of Supervisors

David Snider

Attest:

Clerk of the Board

[Signature]  
7-30-08





# EXHIBIT

"C"

(3)

**AGENDA FORM**  
**FOR PINAL COUNTY BOARD OF SUPERVISORS ACTING AS THE BOARD OF DIRECTORS OF THE 387**  
**WASTEWATER IMPROVEMENT DISTRICT AND THE BOARD OF DIRECTORS OF THE 387 DOMESTIC WATER**  
**IMPROVEMENT DISTRICT**

Budgeted: N/A  
Generates Revenue for County: N/A  
Revenue Generated: N/A  
Uses County Funds: N/A  
Source of Funds: N/A  
Cost to County: N/A  
Reduces/Contains: N/A  
Expenditure Reduced:/Contained: N/A

Competitive negotiations (PC1-347 D1) N/A  
Two step competitive negotiation (PC1-347 D2) N/A  
Review of Qualifications (PC1-347D3) N/A  
Multi step sealed bidding (PC1-326) N/A  
Intergovernmental Agreement (PC1-1003) N/A  
Competitive sealed proposals RFP (PC1-329) N/A  
Expenditures for County: Other (PC1-\_\_\_\_) N/A

<b>1. REQUESTED BY:</b> Fund No: <u>10</u> Dept No: <u>1037</u> Dept. Name: <u>Administrative Services</u> Director: <u>Terry Doolittle</u>	
<b>2. BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION:</b> Discussion and possible action relating to Sonoran's requested resolution to harmonize water rates between the 387 Domestic Water Improvement District and Global Water Resources L.L.C.  Agenda item for June 1, 2005	
<b>3. MOTION:</b> It is moved that the Pinal County Board of Supervisors approve Sonoran's requested resolution to harmonize water rates between the 387 Domestic Water Improvement District and Global Water Resources L.L.C	
<b>4. DEPARTMENT:</b>  _____ Action recommended by      Date	<b>7. DEPUTY COUNTY MANAGER:</b> <div style="text-align: right;"> _____ Date <u>5/23/05</u></div> <div style="display: flex; justify-content: space-around;"><span>Approve <input checked="" type="checkbox"/></span><span>Disapprove <input type="checkbox"/></span></div>
<b>5. GRANTS AND CONTRACTS ADMINISTRATOR:</b>  _____ Date Approve <input type="checkbox"/> Disapprove <input type="checkbox"/>	<b>8. PURCHASING DEPARTMENT:</b>  _____ Date Approve <input type="checkbox"/> Disapprove <input type="checkbox"/>
<b>6. COUNTY ATTORNEY'S OFFICE:</b> <div style="text-align: right;"> _____ Date <u>5/23/05</u></div> <div><input checked="" type="checkbox"/> Approved as to form and within the powers and authority granted under the laws of the State of Arizona to the Pinal County Board of Supervisors.</div>	<b>9. FINANCE OFFICE:</b>  _____ Date Approve <input type="checkbox"/> Disapprove <input type="checkbox"/>
<b>10. COUNTY MANAGER:</b> _____ Date APPROVE <input type="checkbox"/> DISAPPROVE <input type="checkbox"/>	
<b>11. BOARD OF SUPERVISORS:</b> Action Taken: <input checked="" type="checkbox"/> Approve <input type="checkbox"/> Amend <input type="checkbox"/> Disapprove <input type="checkbox"/> Delete <div style="display: flex; justify-content: space-between; align-items: flex-end;"><div>CHAIRMAN:  _____ CLERK OF THE BOARD:  _____ <div style="text-align: right;">Date <u>6-1-05</u> Date <u>6-1-05</u></div></div></div>	

RESOLUTION NO. 60105-387DWID

A RESOLUTION OF THE 387 DOMESTIC WATER IMPROVEMENT DISTRICT  
AUTHORIZING THE 387 DOMESTIC WATER IMPROVEMENT DISTRICT TO EXECUTE  
AN AMENDMENT TO THE WATER SUPPLY AND MANAGEMENT SERVICE  
AGREEMENT RELATED TO FEES, RATES AND CHARGES

WHEREAS, on June 23, 2003 the 387 Domestic Water Improvement District ("387 DWID") entered into that certain Water Supply and Management Services Agreement (the "Management Agreement") with Sonoran Utility Services, L.L.C., an Arizona limited liability company ("Sonoran");

WHEREAS, The Board of Directors of the 387 DWID is informed of the conditions pursuant to which Global Water Resources, LLC ("GWR") has agreed to purchase the assets of Sonoran and any assets associated with the operations of Sonoran (the "Assets").

WHEREAS, in furtherance of the contemplated Sale, the Parties have entered into a contractual relationship with Sonoran whereby GWR would assume responsibility for all the utility services required of Sonoran under the terms of the Management Agreement;

WHEREAS, to facilitate transition of responsibility to GWR, the Parties have requested adjustments to the water rates and charges and hook-up fees set forth on Exhibit B of the Management Agreement, in the form of that Exhibit B-1 attached to this Resolution;

WHEREAS, Section 19 of the Management Agreement provides that any changes to fees, rates and charges assessed by Sonoran on behalf of the 387 DWID are subject to approval by the Board of Directors of the 387 DWID;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the 387 DWID, Pinal County, Arizona, as follows:

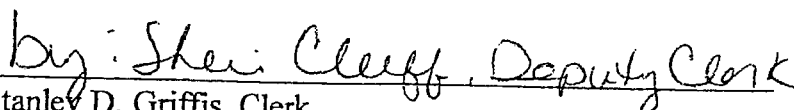
1. The 387 DWID is authorized to execute an agreement amending the Management Agreement to substitute the adjusted fees, rates and charges set forth on Exhibit B-1 of this Resolution for the fees, rates and charges set forth on Exhibit B of the Management Agreement.

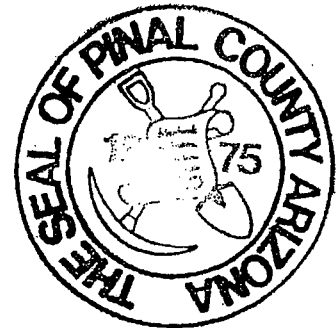
PASSED AND ADOPTED this 1st day of June, 2005.



Sandie Smith, Chairman, 387 Wastewater Improvement District

Attest:

by:   
Stanley D. Griffis, Clerk



**WATER IMPROVEMENT DISTRICT**  
**Rates and Charges**  
**Rates effective June 1, 2005**

EXHIBIT B

**MONTHLY RATES**

Monthly Minimum (includes 1000 gallons)

All Service

Meter Size	Per Month
5/8" x 3/4"	\$ 25.00
3/4"	\$ 25.00
1"	\$ 62.50
1 1/2"	\$ 125.00
2"	\$ 200.00
3"	\$ 400.00
4"	\$ 625.00
6"	\$ 1,250.00

**Usage Charges**

Rate per Thousand Gallons in excess of 1000 gallons	\$ 2.60
Standpipe/Construction	\$ 3.60

**OTHER WATER RATES**

Service Line and Meter Advance (Payable at initiation of new Service Location)

Meter Size	
5/8" x 3/4"	\$ 400.00
3/4"	\$ 440.00
1"	\$ 500.00
1 1/2"	\$ 715.00
2" Turbo	\$ 1,170.00
2" Compound	\$ 1,700.00
3" Turbo	\$ 1,585.00
3" Compound	\$ 2,190.00
4" Turbo	\$ 2,540.00
4" Compound	\$ 3,215.00
6" Turbo	\$ 4,815.00
6" Compound	\$ 6,270.00

**ADDITIONAL WATER CHARGES**

A. Establishment of Service	\$ 25.00
Additional charge if after Hours:	\$ 25.00
B. Re-establishment of Service	See Note (2)
C. Reconnection of Service (Delinquent)	\$ 30.00
D. Charge for Moving Meter (at Customer Request)	See Note (3)
E. After Hours Service Charge (per Hour)	\$ 50.00
E. Deposit	
1. Residential	2 times estimated bill
2. Commercial	2.5 times estimated bill
3. Deposit Interest	6.00%
F. Meter Test (If correct)	\$ 25.00
G. Meter Reread (If correct)	\$ 15.00
H. Charge for NSF Check	\$ 10.00
I. Late Payment Charge (per month)	1.5%
J. Deferred Payment (per month)	1.5%
K. Main Extension (Refundable per Agreement)	Cost

- (1) If Contractor does not provide meter, District will require a refundable deposit in the amount of the appropriately sized meter cost. If an account is not established, payment for water shall be upon delivery.
- (2) Months off system times Monthly Minimum Charge
- (3) Cost to include parts, labor, overhead and all applicable taxes

**AGENDA FORM**  
**FOR PINAL COUNTY BOARD OF SUPERVISORS ACTING AS THE BOARD OF DIRECTORS OF THE 387 WASTEWATER IMPROVEMENT DISTRICT AND THE BOARD OF DIRECTORS OF THE 387 DOMESTIC WATER IMPROVEMENT DISTRICT**

Budgeted: N/A  
 Generates Revenue for County: N/A  
 Revenue Generated: N/A  
 Uses County Funds: N/A  
 Source of Funds: N/A  
 Cost to County: N/A  
 Reduces/Contains: N/A  
 Expenditure Reduced:/Contained: N/A

Competitive negotiations (PC1-347 D1) N/A  
 Two step competitive negotiation (PC1-347 D2) N/A  
 Review of Qualifications (PC1-347D3) N/A  
 Multi step sealed bidding (PC1-326) N/A  
 Intergovernmental Agreement (PC1-1003) N/A  
 Competitive sealed proposals RFP (PC1-329) N/A  
 Expenditures for County: Other (PC1-\_\_\_\_) N/A

<b>1. REQUESTED BY:</b> Fund No: <u>10</u> Dept No: <u>1037</u> Dept. Name: <u>Administrative Services</u> Director: <u>Terry Doolittle</u>	
<b>2. BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION:</b> Discussion and possible action relating to Sonoran's requested resolution to harmonize wastewater rates between the 387 Wastewater Improvement District and Global Water Resources L.L.C.  Agenda item for June 1, 2005	
<b>3. MOTION:</b> It is moved that the Pinal County Board of Supervisors approve Sonoran's requested resolution to harmonize wastewater rates between the 387 Wastewater Improvement District and Global Water Resources L.L.C.	
<b>4. DEPARTMENT:</b>  _____ Action recommended by _____ Date _____	<b>7. DEPUTY COUNTY MANAGER:</b>  _____ Date <u>5/23/05</u> Approve <input type="checkbox"/> Disapprove <input type="checkbox"/>
<b>5. GRANTS AND CONTRACTS ADMINISTRATOR:</b>  _____ Date _____ Approve <input type="checkbox"/> Disapprove <input type="checkbox"/>	<b>8. PURCHASING DEPARTMENT:</b>  _____ Date _____ Approve <input type="checkbox"/> Disapprove <input type="checkbox"/>
<b>6. COUNTY ATTORNEY'S OFFICE:</b>  _____ Date <u>5/23/05</u> <input checked="" type="checkbox"/> Approved as to form and within the powers and authority granted under the laws of the State of Arizona to the Pinal County Board of Supervisors.	<b>9. FINANCE OFFICE:</b>  _____ Date _____ Approve <input type="checkbox"/> Disapprove <input type="checkbox"/>
<b>10. COUNTY MANAGER:</b> _____ _____ Date _____ APPROVE <input type="checkbox"/> DISAPPROVE <input type="checkbox"/>	
<b>11. BOARD OF SUPERVISORS:</b> Action Taken: <input checked="" type="checkbox"/> Approve <input type="checkbox"/> Amend <input type="checkbox"/> Disapprove <input type="checkbox"/> Delete   _____ CHAIRMAN: <u>Andie Smith</u> Date <u>6-1-05</u> CLERK OF THE BOARD: <u>Shelley Cluff</u> Date <u>6-1-05</u> <p style="text-align: center;"><i>Deputy Clerk</i></p>	

RESOLUTION NO. 060105-387WID

A RESOLUTION OF THE 387 WASTEWATER IMPROVEMENT DISTRICT  
AUTHORIZING THE 387 WASTEWATER IMPROVEMENT DISTRICT TO EXECUTE AN  
AMENDMENT TO THE WASTEWATER TREATMENT, COLLECTION, AND  
MANAGEMENT SERVICES AGREEMENT RELATED TO FEES, RATES AND CHARGES

WHEREAS, on June 23, 2003 the 387 Wastewater Improvement District ("387 WWID") entered into that certain Wastewater Treatment, Collection, and Management Services Agreement (the "Management Agreement") with Sonoran Utility Services, L.L.C., an Arizona limited liability company ("Sonoran");

WHEREAS, The Board of Directors of the 387 WWID is informed of the conditions pursuant to which Global Water Resources, LLC ("GWR") has agreed to purchase the assets of Sonoran and any assets associated with the operations of Sonoran (the "Assets").

WHEREAS, in furtherance of the contemplated Sale, the Parties have entered into a contractual relationship with Sonoran whereby GWR would assume responsibility for all the utility services required of Sonoran under the terms of the Management Agreement;

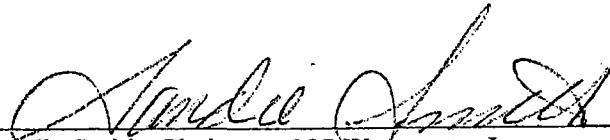
WHEREAS, to facilitate transition of responsibility to GWR, the Parties have requested adjustments to the wastewater rates and charges and hook-up fees set forth on Exhibit B of the Management Agreement, in the form of that Exhibit B-1 attached to this Resolution;

WHEREAS, Section 19 of the Management Agreement provides that any changes to fees, rates and charges assessed by Sonoran on behalf of the 387 WWID are subject to approval by the Board of Directors of the 387 WWID;

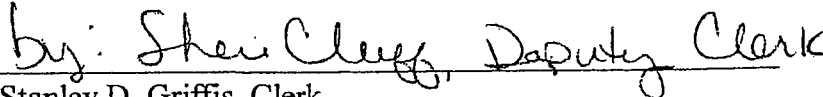
NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the 387 WWID, Pinal County, Arizona, as follows:

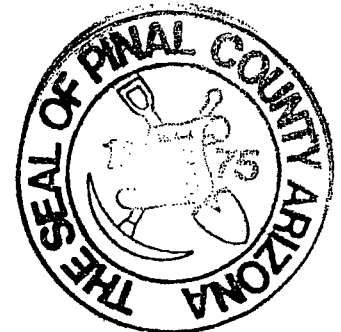
1. The 387 WWID is authorized to execute an agreement amending the Management Agreement to substitute the adjusted fees, rates and charges set forth on Exhibit B-1 of this Resolution for the fees, rates and charges set forth on Exhibit B of the Management Agreement.

PASSED AND ADOPTED this 1st day of June, 2005.

  
Sandie Smith, Chairman, 387 Wastewater Improvement District

Attest:

by:   
Stanley D. Griffis, Clerk



**387 WASTEWATER IMPROVEMENT DISTRICT****Rates and Charges****Rates effective June 1, 2005****MONTHLY RATES**

<u>Water Meter Size</u>	<u>Per Month</u>
5/8" x 3/4"	\$ 33.00
3/4"	\$ 33.00
1"	\$ 82.50
1 1/2"	\$ 165.00
2"	\$ 264.00
3"	\$ 528.00
4"	\$ 825.00
6"	\$ 1,650.00
Effluent Sales	On a per 1,000 gallon basis \$ 0.3069
	On a per Acre-Foot basis \$ 100.00

**ADDITIONAL CHARGES**

A. Establishment of Service	\$ 25.00
Additional charge if after Hours:	\$ 25.00
B. Re-establishment of Service	See Note (1)
C. Deposit	
1. Residential	2 times estimated bill
2. Commercial	2.5 times estimated bill
3. Deposit Interest	6.00%
D. Reconnection (Delinquent)	\$ 30.00
E. Charge for NSF Check	\$ 10.00
F. Late Payment Charge (per month)	1.50%
G. Deferred Payment (per month)	1.50%
H. After Hours Service Charge (per Hour)	\$ 50.00
I. Main Extension (Refundable per Agreement)	Cost

**(1) Months off system times Monthly Minimum Charge**

EXHIBIT

"D"



BEFORE THE ARIZONA CORPORATION COMMISSION

**COMMISSIONERS**

JEFF HATCH-MILLER, CHAIRMAN  
WILLIAM A. MUNDELL  
MARC SPITZER  
MIKE GLEASON  
KRISTIN K. MAYES

2006 MAY 18 P 4: 39

AZ CORP COMMISSION  
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF  
PALO VERDE UTILITIES COMPANY FOR AN  
EXTENSION OF ITS EXISTING CERTIFICATE  
OF CONVENIENCE AND NECESSITY.

Docket No. SW-03575A-05-0470

IN THE MATTER OF THE APPLICATION OF  
SANTA CRUZ WATER COMPANY FOR AN  
EXTENSION OF ITS EXISTING CERTIFICATE  
OF CONVENIENCE AND NECESSITY.

Docket No. W-03576A-05-0470

**NOTICE OF FILING  
IN COMPLIANCE WITH  
DECISION NO. 68498**

Santa Cruz Water Company, LLC (Santa Cruz) and Palo Verde Utilities Company, LLC (Palo Verde) (collectively, Global), in compliance with Decision No. 68498 (February 23, 2006)(the Order Preliminary), provide notice of filing the attached compliance items.


1. The Order Preliminary required Palo Verde to file within 90 days (i.e. May 24, 2006), "documentation from CAAG stating that it has Section 208 authority to operate within the 387 District's boundaries." (Order Preliminary, page 13, lines 14-17). Attached as Exhibit A is the required documentation from CAAG.
2. The Order Preliminary required Santa Cruz to file within 365 days, a copy of "the amendment to its existing Designation of Assured Water Supply, stating that there is an adequate water supply." (Order Preliminary, page 14, lines 4-7). Attached as Exhibit B is the required amendment to the Santa Cruz's Designation of Assured Water Supply.
3. The Order Preliminary required Santa Cruz to file within 90 days (i.e. May 24, 2006), a copy of its "ADEQ ATC for its arsenic remediation plan". (Order

ROSHKA DEWULF & PATTEN, PLC  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

Preliminary, page 14, lines 8-10). The remediation will be accomplished through blending water from multiple wells, in accordance with an approved Blending Plan. (Order Preliminary, Finding of Fact No. 20). Thus, the approved blending plan is the arsenic remediation plan. Attached as Exhibit C is ADEQ's Approval to Construct (ATC) for the Neely West Well, which includes approval of Santa Cruz's May 2005 Blending Plan to blend water from the Neely West well with water from the Smith and Vance Wells. Accordingly, this requirement is satisfied. For informational purposes, attached as Exhibit D is a copy of the May 2005 Blending Plan which ADEQ approved. Also for information purposes, attached as Exhibit E is the ATC for the Rancho El Dorado (Neely) production / treatment plant, which will be used in the blending process.

RESPECTFULLY SUBMITTED this 18<sup>th</sup> day of May 2006.

ROSHKA DEWULF & PATTEN, PLC

By   
Michael W. Patten  
One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85004  
(602) 256-6100

Original + 15 copies of the foregoing  
filed this 18<sup>th</sup> day of May 2006, with:

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, Arizona 85007

ROSHKA DEWULF & PATTEN, PLC  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

1 Copies of the foregoing hand-delivered/mailed  
2 this \_\_\_\_ day of May 2006, to:

3 Dwight D. Nodes, Esq.  
4 Administrative Law Judge  
5 Hearing Division  
6 Arizona Corporation Commission  
7 1200 West Washington  
8 Phoenix, Arizona 85007

9 David Ronald  
10 Legal Division  
11 Arizona Corporation Commission  
12 1200 West Washington  
13 Phoenix, Arizona 85007

14 Brian Bozzo  
15 Compliance Manager, Utilities Division  
16 Arizona Corporation Commission  
17 1200 West Washington  
18 Phoenix, Arizona 85007

19 By Mary Appolito  
20  
21  
22  
23  
24  
25  
26  
27

EXHIBIT

"A"



**CENTRAL  
ARIZONA  
ASSOCIATION OF  
GOVERNMENTS**

**RECEIVED**

**FEB 06 2006**

**HISTORIC BELMONT BUILDING**

**271 MAIN STREET**

**SUPERIOR, AZ 85273**

*Serving Gila & Pinal Counties since 1970!*

February 3, 2006

Trevor Hill, President  
Global Water Resources, LLC  
Deer Valley Financial Centre  
22601 N. 19<sup>th</sup> Avenue - Suite 210  
Phoenix, AZ 85027

Dear Mr. Hill:

**SUBJECT: Transfer of the 387 Wastewater Improvement District to Palo Verde Utilities Company**

Pinal County has relegated the day-to-day operation of the 387 Wastewater Improvement District (WWID) to Palo Verde Utilities Company (PVUC). In this time, Pinal County is in the process of dissolving the district, in an effort to transfer full control to PVUC.

As part of this transfer, an administrative amendment to the CAAG 208 Areawide Water Quality Management Plan was required. The issue was brought forth to the Region V Council of Governments on Wednesday, January 25, 2006.

After Council deliberation, the Regional Council approved the transfer of the 387 WWID to PVUC, a subsidiary of Global Water Resources, LLC, contingent upon the successful dissolution of the 387 WWID by Pinal County.

Minutes from this Regional Council Meeting are on file at our offices at CAAG for public review. If you have any further questions, feel free to contact me at any time.

Sincerely,

Maxine Leather  
Executive Director

ML/jpa

c. Terry Doolittle, Pinal County Manager

**GILA COUNTY:** GLOBE, HAYDEN, MIAMI, PAYSON, WINKELMAN  
**PINAL COUNTY:** APACHE JUNCTION, CASA GRANDE, COOLIDGE, ELOY, FLORENCE, KEARNY, MAMMOTH, MARICOPA, QUEEN CREEK, SUPERIOR

**LOCAL:** (520) 689-5004 • **TOLL-FREE & VTTY:** 1-800-782-1445 • **TDD:** (520) 689-5009 • **FAX:** (520) 689-5020

# EXHIBIT

"B"

**DEPARTMENT OF WATER RESOURCES  
BEFORE THE DIRECTOR**

**IN THE MATTER OF THE APPLICATION OF  
SANTA CRUZ WATER COMPANY  
FOR A DESIGNATION AS HAVING AN ASSURED  
WATER SUPPLY**

**AWS No. 2006-001  
DECISION AND ORDER  
No. 26-401667.0000**

On March 11, 2005, the Department of Water Resources (Department) received an application from the Santa Cruz Water Company (Santa Cruz) requesting that the Department modify Santa Cruz's designation of assured water supply pursuant to A.R.S. § 45-576(D) and A.A.C. R12-15-709(C). On June 28, 2005, the Department determined the application to be complete. On July 2, 2005 and July 9, 2005, the Department gave public notice pursuant to A.R.S. § 45-578 and no objections were filed with the Department.

After receiving Santa Cruz's request to modify its designation of assured water supply and reviewing relevant information regarding the modification request, including: 1) the hydrologic study submitted with the application and other information on file with the Department for the proposed groundwater supply; 2) information submitted regarding Santa Cruz's consistency with the management plan and management goal for the Pinal Active Management Area (AMA); 3) information provided by the Arizona Department of Environmental Quality (ADEQ) regarding the quality of the proposed source of water; and 4) information regarding Santa Cruz's financial capability to construct the necessary delivery system, treatment works and storage facilities, the Department finds the following:

1. Santa Cruz is a private water company regulated by the Arizona Corporation Commission (ACC).
2. Santa Cruz has the right to withdraw and deliver groundwater to its customers pursuant to service area right No. 56-001355.0000.
3. On October 24, 2003, Santa Cruz was designated as having an assured water supply in Decision and Order AWS 2003-006.
4. Santa Cruz has the legal authority to provide water service to its customers located within the geographic area described in its Certificate of Convenience and Necessity (CC&N). See ACC

Decision No. 67830, May 5, 2005; ACC Decision No. 68448, Feb. 2, 2006.

5. On June 30, 2005, Santa Cruz applied to the ACC for an extension of its CC&N to provide water service to the public in the area known as the 387 Domestic Water Improvement District in Pinal County. (The area sought to be added to Santa Cruz's CC&N is referred to herein as the "extension area.")
6. On February 23, 2006, pursuant to A.R.S. § 40-282(D), the ACC issued an Opinion and Order Granting an Order Preliminary ("Order Preliminary") authorizing Santa Cruz to provide water service to customers located within the extension area pending issuance of a final order extending Santa Cruz's CC&N to include the extension area. The Order Preliminary provides that if certain requirements are satisfied by the dates specified in the Order, the ACC shall issue an order extending Santa Cruz's CC&N to include the extension area.
7. Santa Cruz currently serves groundwater through its municipal distribution system to customers within its service area.
8. Santa Cruz's current demand as of calendar year 2004 is 1,215.60 acre-feet per year ("current demand").
9. Santa Cruz's committed demand as of calendar year 2004 is 6409.75 acre-feet per year ("committed demand"). This includes committed demand within the extension area.
10. Santa Cruz's projected demand for 2016, the tenth calendar year from the date of this Decision and Order, is estimated to be 15,851.95 acre-feet ("projected demand"). This includes projected demand within the extension area.
11. Santa Cruz's estimated water demand, which is the sum of Santa Cruz's current demand, committed demand and projected demand, is 23,477.30 acre-feet per year.
12. Santa Cruz's groundwater supply proven to be physically available for a minimum of one hundred years is 25,575.21 acre-feet per year, which exceeds Santa Cruz's estimated water demand of 23,477.30 acre-feet per year.
13. Historic hydrologic information demonstrates that the depth-to-static water level within Santa Cruz's service area is currently approximately 350 feet below land surface with a minimal regional decline.



14. After one hundred years of pumping at 23,477.30 acre-feet per year, the depth-to-static water level within Santa Cruz's service area is not expected to exceed 1,100 feet below land surface.
15. Santa Cruz's groundwater allowance that is consistent with the management goal of the Pinal AMA pursuant to A.A.C. R12-15-705(H) is 125 gallons per capita per day.
16. As of the date of this Decision and Order, Santa Cruz has pledged a total of 2592.50 acre-feet per year of extinguishment credits to its designation, as shown in Appendix A to this Decision and Order. During the effective period of this Decision and Order, Santa Cruz intends to pledge additional extinguishment credits in support of its designation.
17. Santa Cruz is currently regulated as a large municipal provider under the Municipal Conservation Program in the Third Management Plan for the Pinal AMA. As of the date the application was filed, Santa Cruz had not been found to be out of compliance with the Third Management Plan.
18. In accordance with ACC Rules and Regulations, Santa Cruz finances extensions of its distribution system through equity and by line extension agreements with owners of new developments. Any owner of a new subdivision served by Santa Cruz must prove financial capability to construct the necessary water infrastructure to the appropriate platting entity and the Arizona Department of Real Estate pursuant to Titles 9, 11, and 32 of Arizona Revised Statutes.
19. The water supply that Santa Cruz intends to provide its customers currently meets all federal and state water quality standards, based on compliance information provided by ADEQ.
20. The Director previously issued Certificates of Assured Water Supply for the following subdivisions within the Additional Area: Palo Brea (DWR No. 27-401143.0000), Smith Farms (DWR No. 27-401185.0000) and Maricopa Meadows (DWR No. 27-401309.0000) (collectively, "the Subdivisions"). In order to demonstrate that proposed groundwater withdrawals for these subdivisions will be consistent with the management goal for the Pinal AMA, extinguishment credits were pledged to each Subdivision. The extinguishment credits pledged to each of the Subdivisions total 623.82 acre-feet per year, as shown in Appendix A to this Decision and Order.

**Having reviewed the Findings of Fact, the Department makes the following Conclusions of Law:**

1. An annual volume of 25,575.21 acre-feet per year of groundwater is physically, continuously and legally available to Santa Cruz for a minimum of 100 years as prescribed in A.A.C. R12-15-703.

1  
2 This annual volume of groundwater exceeds Santa Cruz's estimated water demand, which is  
3 23,477.30 acre-feet per year.

4 2. In accordance with A.A.C. R12-15-705, Santa Cruz's use of groundwater is consistent with the  
5 management goal of the Pinal AMA.

6 3. The water supply served by Santa Cruz currently meets the water quality requirements specified  
7 in A.A.C. R12-15-704.

8 4. In accordance with A.A.C. R12-15-706, Santa Cruz meets the standard established for  
9 determining consistency with the management plan for the Pinal AMA.

10 5. Santa Cruz has satisfied the financial capability criteria prescribed in A.A.C. R12-15-707.

11 6. Santa Cruz has satisfied all the requirements for a designation of an assured water supply.

12 **Having reviewed the Conclusions of Law, the Department hereby issues this Decision and**  
13 **Order designating Santa Cruz as having an assured water supply, subject to the following**  
14 **conditions:**

15 1. The Department reserves the right under A.A.C. R12-15-709(A) to periodically review and modify  
16 the designation for good cause as conditions warrant.

17 2. Pursuant to A.A.C. R12-15-709(A), the Department may revoke this designation at any time if the  
18 findings of fact or the conclusions of law upon which the designation is based change or are  
19 invalid, or if an assured water supply no longer exists.

20 3. The Department's determination that an assured water supply exists for Santa Cruz is based on  
21 its analysis of the water supplies pledged by Santa Cruz.

22 4. Pursuant to A.A.C. R12-15-704, Santa Cruz shall satisfy any state water quality requirements  
23 established for its proposed use after the date of this designation.

24 5. Santa Cruz shall notify the Department when the ACC issues any final decision and/or order  
25 regarding its CC&N area.

26 6. This Decision and Order designating Santa Cruz as having an assured water supply shall apply  
27 to Santa Cruz's legally authorized service area, including the extension area.

28 7. It is expected that Santa Cruz will pledge additional extinguishment credits to its designation as  
its service area is developed. If Santa Cruz intends to add extinguishment credits to its

1 groundwater account, it must notify the Department's Office of Assured and Adequate Water  
2 Supply to add these credits to its groundwater account.

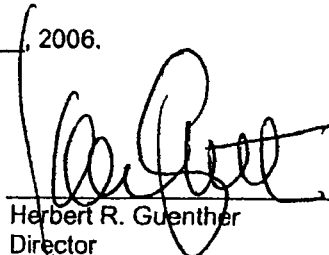
3  
4 8. Santa Cruz shall annually provide to the Department the following information in the manner  
5 prescribed in A.A.C. R12-15-711:

- 6 a. The estimated future demand of platted, undeveloped lots that will be located in Santa  
7 Cruz's service area.
- 8 b. The projected demand at build-out for customers with which Santa Cruz has entered into  
9 a notice of intent to serve agreement in the calendar year.
- 10 c. A report regarding Santa Cruz's compliance with water quality requirements.
- 11 d. The depth-to-static water level of all wells from which Santa Cruz withdrew water during  
12 the calendar year.
- 13 e. Any other information requested by the Director to determine whether Santa Cruz is  
14 continuing to meet all the requirements necessary to maintain this designation of assured  
15 water supply.

16 10. Any change in the administrative rule numbers cited in this Decision and Order shall have no  
17 legal effect. This Decision and Order designating Santa Cruz as having an assured water supply  
18 shall not be affected solely because the rule numbers cited herein may have changed after the  
19 effective date of this Order.

20 **IT IS HEREBY ORDERED THAT SANTA CRUZ WATER COMPANY BE DESIGNATED AS**  
21 **HAVING AN ASSURED WATER SUPPLY.**

22 DATED this 4<sup>th</sup> day of MAY, 2006.

23  
24   
25 Herbert R. Guenther  
26 Director  
27 Arizona Department of Water Resources  
28

1  
2 A copy of the foregoing  
3 **Decision and Order** mailed  
4 by certified mail this \_\_\_\_\_  
5 day of \_\_\_\_\_,  
6 2006, to the following:

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Certified Mail No. \_\_\_\_\_

Sent by: \_\_\_\_\_  
Norma J. Coupaud

8 Cindy Liles  
9 Global Water Resources, LLC  
10 21410 North 19<sup>th</sup> Avenue, Suite 201  
11 Phoenix, Arizona 85027

11 First class mail copies to:

12 Southwest Groundwater Consultants  
13 3900 E. Camelback Rd. Suite 200  
14 Phoenix, Arizona 85018

14 Shilpa Hunter-Patel  
15 Withey Anderson & Morris PLC  
16 2525 East Arizona Biltmore Circle, Suite A-212  
17 Phoenix, Arizona 85016-2133

16 Mr. Roy Tanney  
17 Arizona Department of Real Estate  
18 2910 N. 44th Street  
19 Phoenix, Arizona 85018

18 Mr. Randy Edmond  
19 Pinal AMA  
20 1729 N. Trekell Rd., Suite 105  
21 Casa Grande, Arizona 85222

# **APPENDIX A: Summary of Santa Cruz Water Company Extinguishment Credits**

Designation of Assured Water Supply for Santa Cruz Water Company 26-401667.0000

Extinguishment No.	Acre-feet/year	Pledged to:
<i>Santa Cruz Water Company pledged extinguishments:</i>		
58-102952.0012	53.64	26-401667.0000 (Modification of 26-400804.0000)
58-102625.0008	160.50	26-401667.0000 (Modification of 26-400804.0000)
58-150035.0009	360.00	26-401667.0000 (Modification of 26-400804.0000)
58-150035.0007	282.00	26-401667.0000 (Modification of 26-400804.0000)
58-102625.0011	600.15	26-401667.0000 (Modification of 26-400804.0000)
58-102952.0008	207.30	26-400804.0000 (Modification of 26-400360.0000)
58-102952.0009	232.60	26-400804.0000 (Modification of 26-400360.0000)
58-102952.0010	42.00	26-400804.0000 (Modification of 26-400360.0000)
58-102952.0003	450.01	26-400360.0000 (Original designation)
58-111746.0003	204.30	26-400804.0000 (Modification of 26-400360.0000)
<b>TOTAL</b>	<b>2592.50</b>	

<i>Extinguishment Credits pledged to the Subdivisions:</i>		
58-102329.0005	329.10	27-401014.0004 (Maricopa Meadows - later re-issued as 27-401309.0000)
58-109710.0002	210.31	27-401185.0000 (Smith Farms)
58-103658.0004	84.41	27-401143.0000 (Palo Brea)
<i>Subtotal</i>	<i>623.82</i>	
<b>TOTAL</b>	<b>3216.32</b>	

# EXHIBIT

"C"



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
CERTIFICATE OF APPROVAL TO CONSTRUCT  
DRINKING WATER WELL FACILITIES

Page 1 Of 2

ADEQ File No: 20050467	LTF No: 36576
System Name: Santa Cruz Wtr	System Number: 11131
Project Owner: Santa Cruz Wtr Co	
Address: 22601 N. 19th Ave., #210, Phoenix, AZ 85027	
Project Location: Gilbert	County : Pinal
Description: 1. CONVERTING EXISTING AGRICULTURAL NEELY WEST WELL WITH ADWR #55-621407 TO DOMESTIC USE WITH CAPACITY OF 1,980 GPM; AND 2. BLENDING PLAN OF MAY, 2005 TO BLEND WATERS OF NEELY WEST WELL AND PREVIOUSLY APPROVED SMITH AND VANCE WELLS.	

*Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 5 continued on page 2 through 2*

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin.Code. At the project owner's request, the Department may conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.

Reviewed by: *jd1*

By: \_\_\_\_\_

*Kwame Agyare*  
Kwame A. Agyare., P.E.

*7/20/05*

Date

Manager, Drinking Water and  
Wastewater Engineering Review  
Water Quality Division

cc: File No : 20050467  
Regional Office: Central  
Owner: Santa Cruz Wtr Co  
County Health Department: Pinal  
Engineer: David Evans & Associates  
Planning and Zoning/Az Corp. Commission  
Engineering Review Database - Etr022

**CERTIFICATE OF APPROVAL TO CONSTRUCT  
WATER FACILITIES**

**ADEQ File No. 20050467**

**Page 2 of 2 : Provisions, continued**

5. ADEQ approval for a revised blending plan shall be obtained if sources or pumping rates change, pursuant to Arizona Administrative Code (A.A.C.) R18-4-221.B.



# EXHIBIT

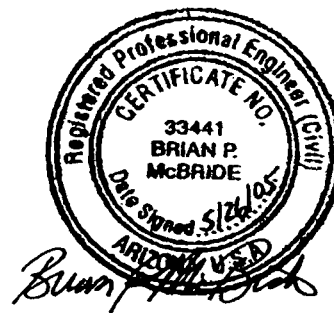
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**Santa Cruz Water**  
**A Global Water Company**

*Groundwater Blending Report*

**May 2005**



McBride Engineering Solutions, Inc.  
7305 W. Boston Street, Chandler, AZ 85226  
Ph: (480) 759-9608 Fx: (480) 706-1106

with:



**SEPARATION PROCESSES, INC**

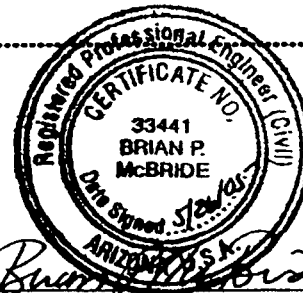
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**Santa Cruz Water**  
**A Global Water Company**  
*Groundwater Blending Report*

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**Santa Cruz Water**  
**A Global Water Company**  
*Groundwater Blending Report*

## **1.0 BACKGROUND**

### **1.1 Purpose**

The intention of Santa Cruz Water Company (SCWC) is to blend water from groundwater wells located in Maricopa, Arizona to drinking water quality acceptable to meet the requirements of the Safe Drinking Water Act, and those of the USEPA and Arizona Department of Environmental Quality (ADEQ).

The objective of this blending plan is to determine and demonstrate the well operating strategies required to ensure the company's water meets the established maximum contaminant levels (MCL) at all times. This plan will identify how the system will be controlled during normal operation and during abnormal operation caused by a well failure or a planned shutdown.

As additional wells are brought into the SCWC potable water inventory, this plan will be amended.

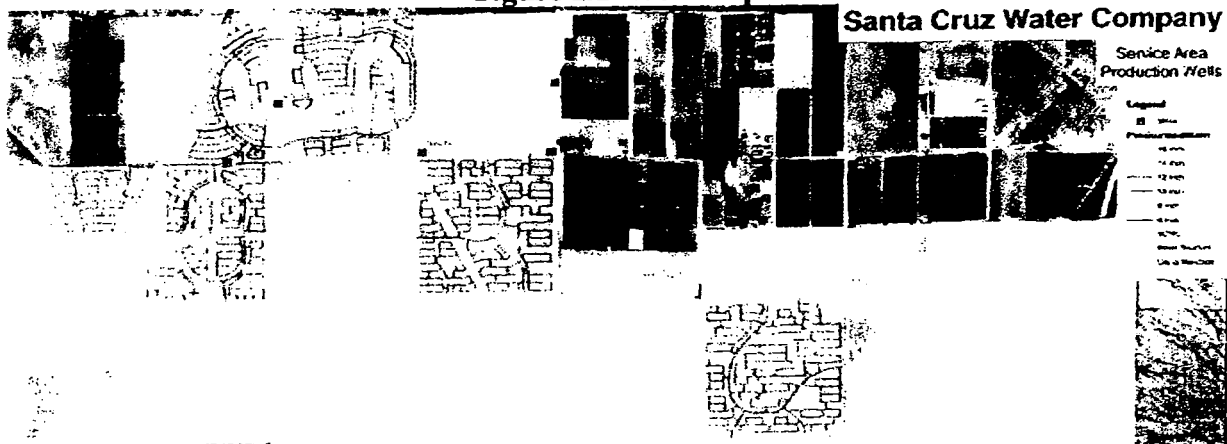
### **1.2 Overview**

The blending system includes the following main components:

- Groundwater well pumps
- Rancho El Dorado Tank System blending/storage tanks

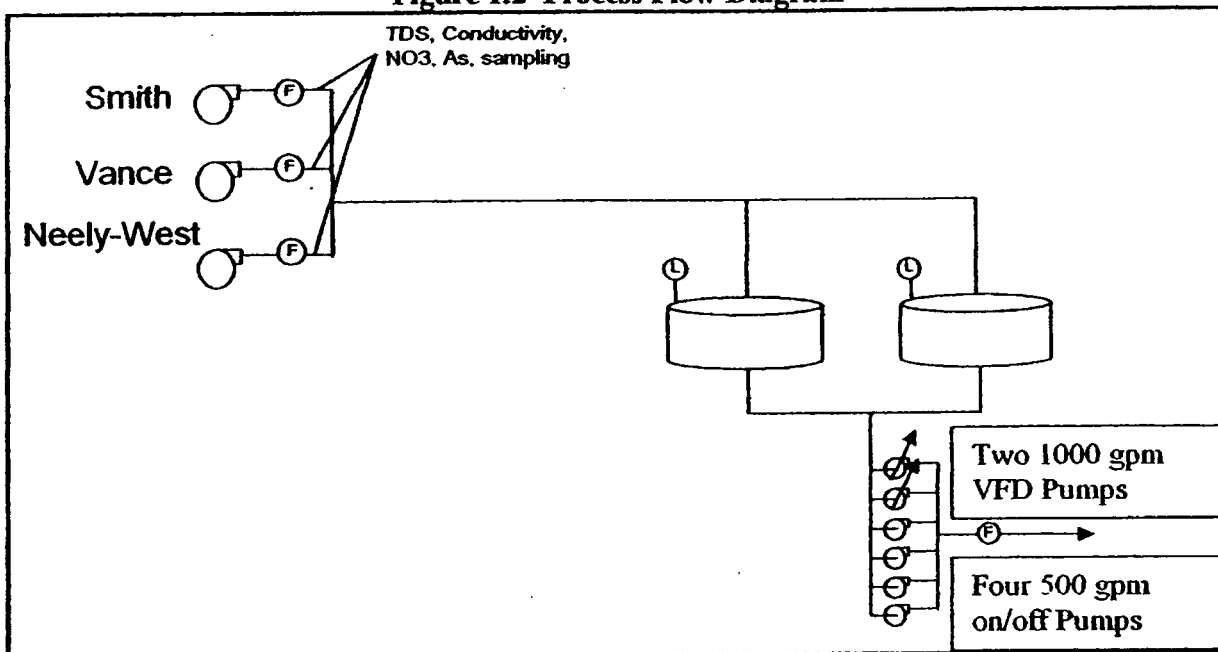
Water from three groundwater wells will be blended at the Rancho El Dorado Tank System prior to distribution. The wells are known as the Neely-West, Smith, and Vance wells. The locations of the wells and tank system are shown on **Figure 1.1**.

**Figure 1.1 Well Map**



The Neely-West well connects into an existing 16-inch and 20-inch pipeline conveys water to the SCWC water treatment plant where blending will occur in the two 1.5 million gallon storage tanks. Two 12-inch lines convey water from the Smith and Vance wells to water tank system. The process flow diagram of the system is shown on Figure 1.2.

**Figure 1.2 Process Flow Diagram**



A detailed site plan can be included at Appendix A. The maximum capacity of the well system, as proposed, is 5,150 gpm, or 7.4 MGD. The wells are listed in the following Table 1.1 with their respective pumping capacity. In addition, the Neely-North and Neely-East wells are being



re-habilitated for use as a potable water supply well. As development progresses, additional wells will be brought onto the SCWC potable inventory. Amendment to this Blending Plan will be submitted as these wells are brought on-line.

**Table 1.1 Wells and Production Capacities**

Well	Capacity, gpm	Capacity, MGD
Smith	1,150	1.656
Vance	2,000	2.880
Neely-West *	1,980	2.880

\*Rehabilitation nearing completion

## 2.0 WATER QUALITY ANALYSIS

An extensive water quality evaluation was conducted on each well. The sampling program entailed 3 components; silt density index testing, water quality sampling and testing, and evaluation of water quality after approximately 24 hours of operation. The time testing was necessary to evaluate the Well-water quality under long term 'real-world' conditions to determine if there would be an impact on the blending strategies. Table 2.1 below summarizes the water quality for each well.

**Table 2.1 Well Water Quality Data**

Parameter	Well		
	Smith	Vance	Neely-West
Capacity, gpm	1150	2000	1980
Capacity, MGD	1.66	2.88	2.88
Ca	68	150	190
Mg	11	24	36
Na	170	190	250
K	4.8	4.3	4.7
NH <sub>4</sub> -N	ND	ND	ND
HCO <sub>3</sub>	93	100	180
SO <sub>4</sub>	180	370	450
Cl	160	280	350
NO <sub>3</sub> -N	3.8	7.9	
F	2.2	1.8	0.7
SiO <sub>2</sub>	29	32	42
TDS	730	1200	1500
TDS (Clcd)	675	1110	1424
Conductivity	1039	1708	2191
Color	ND	ND	ND
Sulfide	ND	ND	ND
Turbidity	ND	ND	ND



SDI	1.7	3.3	3
Oil&Grease	ND	ND	ND
TOC	5.7	0	16
pH	7.5	6.8	6.9
CO <sub>2</sub> (Clcd)	4.8	25.9	37.1
Sr	2.4	3.3	3.8
Ba	0.088	0.047	0.052
Fe	ND	ND	0.071
Mn	ND	ND	ND
As µg/L		7.6	7.1
pHs	7.7	7.3	
LSI	-0.2	-0.5	
RSI	7.9	7.9	

Note: Yellow is safe: more than 20% margin of safety,  
Red is unacceptable: exceed or equal MCL.

A review of the testing data indicates the following:

- The arsenic concentrations from the Smith Well are at the new MCL of 0.010 mg/L (to be established in January 2006).
- The Nitrate concentration for the Neely-West Well is above the nitrate MCL of 10 mg/L
- All other parameters are well within their respective MCLs.
- Constituent concentrations from the Vance well indicate that blending would not be required for operation of the Vance well only.

### 3.0 BLENDING ANALYSIS

The target blending water quality cannot exceed the MCL for any parameter, and it is advisable that the target blending concentration should not exceed 80 percent of the MCL to maintain a margin of safety. However, compliance is measured by remaining below the MCL, even if that is closer to the limit than the target concentration. Table 3.1 summarizes the MCL and ADEQ target blended water quality for selected parameters of concern.

Table 3.1 Water Quality Parameters of Concern

Parameter	MCL	Target
As (µg/L)	10	8
F (mg/L)	4	2
NO <sub>3</sub> -N (mg/L)	10	8



Based on the data shown on **Table 2.1**, the Vance and Neely-West wells have the highest quality effluent based on the regulated constituents: arsenic, fluoride, and nitrate. Without blending, only these wells may provide water to the storage tank for distribution. The Vance Well, however, has a nitrate concentration of 7.9 mg/L, while the Smith Well has an Arsenic concentration of 10 µg/L, which is the MCL. It is recommended, therefore, that either the Vance Well pump should be the first pump in operation for initial filling of the system, or alternately both the Vance and Smith Wells be operated together. The Neely-West Well will be brought online next, which has the highest nitrate concentration and the mid-range of Arsenic of the three Wells.

Several well combinations were evaluated to note the effect on the blended effluent water and the resulting parameter concentrations. Particular attention was paid to the parameters of interest, Arsenic, Fluoride, and Nitrates. The blending combinations are tabulated in **Table 3.2**. The table also indicates what well water combinations exceed the MCL limits and exceed the operating target concentration for each parameter. The detailed table blending results are presented in **Appendix B**.

**Table 3.2 Blending Results**

Parameter	S	V	NW	S,V	S,NW	V,NW	S,V,NW
gpm	1150	2000	1980	3150	3130	3980	5130
MGD	1.656	2.88	2.85	4.536	4.51	5.73	7.39
NO3-N (mg/L)	3.8	7.9		6.4	8.4	9.4	8.2
F (mg/L)	2.2	1.8	0.7	1.9	1.3	1.3	1.5
As (ug/L)		7.60	7.10	8.48	8.17	7.35	7.94

Note: Yellow is safe: more than 20% margin of safety,  
Orange is caution: within 20% of MCL,  
Red is unacceptable: exceed or equal MCL.

The blending results indicate what combinations of Wells operated together would produce water that meets the MCLs for arsenic, fluoride and nitrates. Assuming that three wells will be operated, there will be 2 combinations of well operation that will be locked out since they exceeds a MCL for either Arsenic or Nitrate. They are marked in red above.

The results of the blending analysis were used to determine:

- The mode of operation under normal conditions,





- The mode of operation under abnormal conditions, such as when a pump is out of service for maintenance or repairs, and
- Specific 'lock-out' combinations of wells that should be avoided.

## **4.0 OPERATING STRATEGIES**

### **4.1 Normal Operation**

Since most of the wells have constituent concentrations that are within the proposed MCL for all constituents except for Smith with Arsenic, and Neely-West on Nitrate, all Wells can be operated with On/Off pumping and do not require VFD's as long as certain combinations are avoided.

Under normal operation, the following conditions apply:

- Tank level will consist of level set-points, each initiating or terminating the operation of a well pump.
- Of the 3 wells currently in operation, the Smith and Vance wells are the main wells to be brought on-line and run at 100% capacity each for normal operation. For initial system startup the Vance Well should be the first well given the As concentration in the Smith Well. Once filled, the Smith and Vance Wells can be alternated as lead/lag pumps in the cycle once the system is up and running or in tandem.
- This operational option is based on a 3 MM gallon tank reservoir volume versus the Smith flow rate of only 1.7 MGD. It would take 2 days of continuous Smith-only Well operation to drive the As concentration up near the MCL. This will not happen as night time demand falls significantly and the Smith Well will shut off and the Vance Well will be called into service next. Together these wells provide water that meets all parameter conditions under the new MCL established and combined they provide a capacity of 3150 gpm, or 4.54 MGD.
- As additional capacity is required the Neely-West Well will be brought into service and the Smith Well turned off, or maintained in service, for respective capacities of 5.73 MGD and 7.39 MGD.

### **4.2 Set-Point Operation (3-Well Operations)**

All pumps will be operated in either the ON or OFF position; 100 percent or 0 percent. The level in the blending/storage tank controls the amount of flow from the well system. There are four (4) level set-points that communicate with the control system in order to call into operation the proper groundwater wells. While either the Smith or Vance wells can begin the cycle, and they



will either alternate as the lead pump in the cycle or operate in tandem, for discussion purposes the Vance well will start as the lead well pump. **Table 4.1** shows one control description:

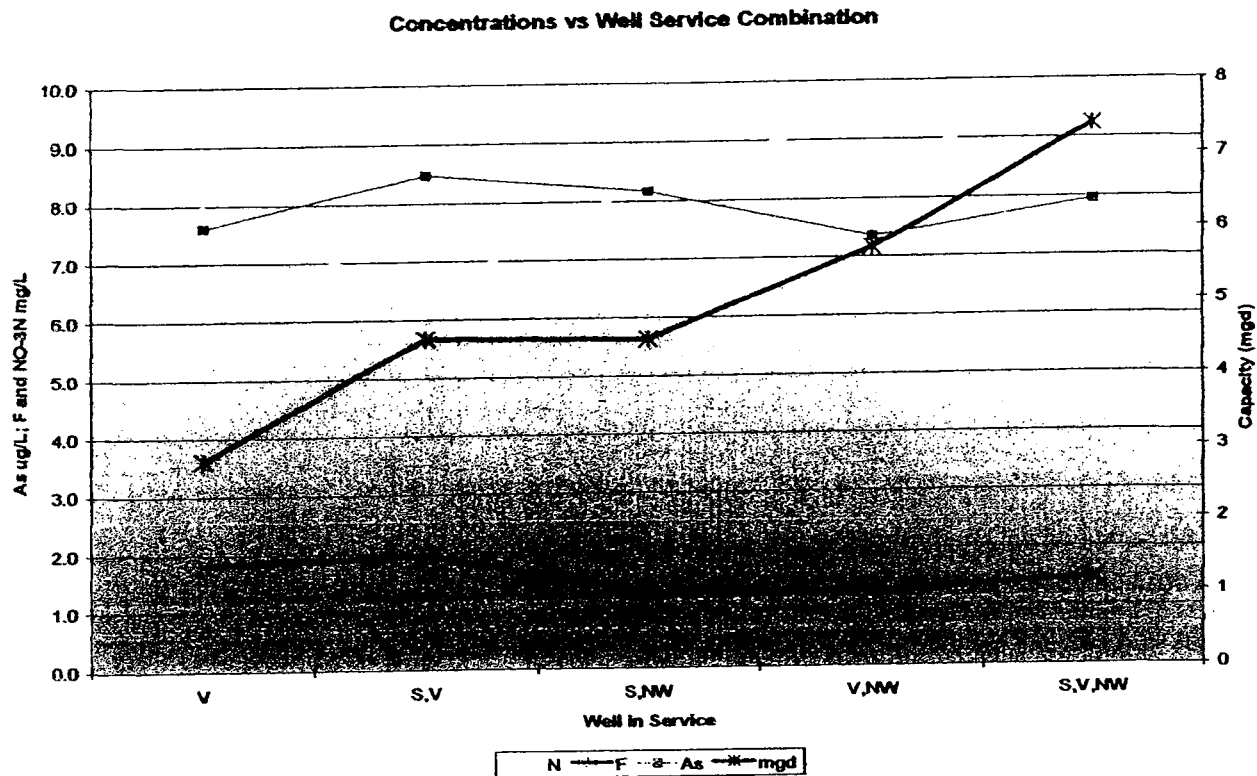
**Table 4.1 Control Description**

Tank Set-Point	Tank Level (ft)	Tank Level % full	Pump Schedule
0	22	100%	All pumps will either be off or will be shut off when water level reaches this height.
1	20.5	93%	The Vance well will be the first well brought online by the Control System on Tank Level Set-point No. 1, unless the Smith well is shutdown (refer to Section 1.3.B – Abnormal Operation).
2	18.9	86%	The Smith well will be the second well brought into service by the control system if the water level decreases to Set-point 2. At this blending condition, all regulatory standards are met (refer to Table 1.3-2)
3	17.4	79%	When the level decreases to Tank Level Set-point No. 3 the Neely-West well will be placed into operation. At this blending condition, all regulatory standards are met (refer to Table 1.3-2)

Note: Final tank depths will require evaluation so as not to overtax the pump motors start/stop cycles

Figure 4.1, below, is a graph of the water quality for the above 3-Well operation scenario. Apparent is the increasing nitrate concentration until all three wells are in service. Also apparent is the steady water quality for Arsenic averaging near 8 mg/L. Given that the V-NE combination has a nitrate concentration of 9.4 mg/L, this Well combination will be avoided under normal use and will only be used if capacity requirements exceed the Vance Well capacity and the Smith Well is off-line.

**Figure 4.1 Water Quality for Well Operation**



Note: the concentrations are indicated on the left y-axis, while the corresponding total well capacities for the well combinations are indicated on the right y-axis.

#### 4.2.1 Lock-out Combinations

The control system will be configured to preclude certain combinations (lock-out combinations). Specifically, the control system will not permit the operation of the Smith Well or Neely-West Well alone in order to keep within the constituent MCLs.

#### 4.2.2 Arsenic Concentration

The Smith Well cannot be operated without additional blending wells in service, as it will exceed the arsenic MCL of 10 mg/L. It is suggested that for a margin of safety that following combination be used with the awareness that the blend water will be just within 2 mg/L of the arsenic limit.

- NN,
- S-NN
- V-NN



- S-V-NN

#### **4.2.3 Nitrate**

The Neely-West Well cannot be operated without additional blending wells in service, as it will exceed the nitrate MCL of 10 mg/L. All blending combinations fall within the Nitrate limits and as such do not pose a compliance issue.

#### **4.2.4 Fluoride**

All blending combinations fall within the Fluoride limits and as such do not pose a compliance issue.

#### **4.2.5 Low Flow Interlock**

Each well pump discharge line has a flow meter, which is interlocked with the corresponding well pump. A low flow condition at any of the pumps will cause the control system to shutdown the pump and alert the operators to investigate the problem. See alternative operation below for more information.

### **4.3 Abnormal Operation**

For the blending system abnormal operation occurs when a well pump is shutdown for maintenance or due to well failure. Initially only 2 wells will be in operation. As soon as practicable the Neely-West Well will be rehabilitated and called into service. As such the three alternative operating conditions that may occur are as follows:

- Zero flow from Smith Well
- Zero flow from Vance Well
- Zero flow from Neely-West Well

In the event that there is zero flow from any of the wells after the Control System calls a pump into service, the Control System will call the next pump in the sequence to operate, after a time delay. Due to water quality of certain wells, certain lock-out combinations will be in effect. See Section 4.2.1 Lock-out Combinations.

#### **4.3.1 Abnormal Condition No. 1 - Smith Well Shutdown**

If the Smith Well is off line or does not startup, the next well in the cycle will start up while maintaining the well combination lock-out protocol. If the level in the blending tank decreases to Tank Level Set-point No. 1 and the Smith Well does not start up after a time delay, the



Control System will call the Vance Well into operation. If the level in the blending tank decreases to Tank Level Set-point No. 2 and the Smith Well does not start up after a time delay, the Control System will call the Neely-West Well into operation.

#### **4.3.2 Abnormal Condition No. 2 - Vance Well Shutdown**

If the Vance Well does not start up after a time delay and the Smith Well is already in operation, the Control System will call the Neely-West Well into operation. At this combination, the concentrations of fluoride, arsenic, and nitrate are still below the MCL as shown in Table 3.1.

If the level in the blending tank decreases to Tank Level Set-point No. 3 and the Vance Well does not start up after a time delay, the Control System will sound an alarm and alert the operators to a potential water shortage.

Note that if daily water demand exceeds 4.5 MGD, then the Vance Well must be in service to maintain MCL compliance.

#### **4.3.3 Abnormal Condition No. 3 - Neely-West Well Shutdown**

If the level in the blending tank decreases to Tank Level Set-point No. 3 and the Neely-West Well does not start up after a time delay, the Control System will alert the operations staff of the problem and a possible water shortage.

## **5.0 EQUIPMENT DESIGN CRITERIA**

Based on historical data the well pumps deliver their rated capacities as noted. All other equipment is standard, off-the-shelf SCADA, control, monitoring and call-out equipment that is common in the water delivery industry as outlined in the following section.

## **6.0 INSTRUMENTATION AND CONTROL**

Instrumentation will largely consist of a rudimentary Alan Bradley, or similar type, SCADA control system connected to field in-line sampling equipment. Attached to each Well discharge will be the following:

- In-line flow meters

Low-flow or no-flow conditions from any well will trigger a well pump shut down and will activate the control system to call up the next pump in the queue.



Storage Tank water volume will be measured via ultrasonic level sensor connected to the SCADA system. When the water level in each tank decreases to a set point, the Control System connected to the SCADA system will call the appropriate pump into service.

The interlock to lock-out certain combinations will be software driven and be part of the Control system installed. There will not be an ability to override the lock-out at the operator level. Override will require Global Water senior management level intervention and be password protected.

Flow and turbidity meters will also be used in the discharge line leading from the storage tanks.

Unfortunately, no in-line automatic samplers exist to measure Arsenic and Fluoride. As such, water quality compliance will rely on field sampling by operations personnel with subsequent wet lab testing both by operations personnel and by an approved laboratory for compliance purposes, as per the proposed schedule in Section 6.0 below.

## 7.0 PROCEDURES

### 7.1 Routine Monitoring

These systems as designed will use sequential or staged well pumping. Two operational phases and associated sampling protocols have been proposed, as summarized in Table 6.1 below:

**Table 6.1 Summary of Operational Phases**

<b>Operational Phase</b>	<b>When to Follow</b>
Initial Well Sampling: Month Sampling	During initial month of actual service -daily sampling
Initial Operations period	Subsequent 5 month period monthly sampling
Normal Operation Sampling Protocol	Ongoing regular quarterly sampling

The objective of the sampling protocol is to ensure safe operation and establish baseline performance numbers. The treatment unit will be operated and samples will be collected by Santa Cruz Water Company.

### 7.2 Initial Well Start-up

During the initial start up period of a new well, the following samples will be collected on a daily basis for one month:

- Raw Water from each operating well



- Blend water leaving the storage tank

During the initial Sampling Run the samples will be collected and analyzed for arsenic, nitrates, and fluoride.

### ***7.3 Initial Operations Period***

After the first month of start up operations has occurred and approval has been received from the Department, the operator will shift to the "Initial Operations Sampling Protocol". This protocol will be followed for the subsequent 5 months of operation. After which the "Normal Operations Sampling Protocol" will be reviewed and may be revised to include any desired changes as operational experience is gained.

"Initial Operations Sampling Protocol" will consist of collecting samples on a monthly basis for the subsequent 5 months for:

- Each operational Raw Water Well
- Blended water leaving the storage tank

### ***7.4 Normal Operations Sampling Protocol***

After the first six (6) month of start up and initial operations has occurred and approval has been received from the Department, the operator will shift to the "Normal Operations Sampling Protocol". This protocol will be followed from then on.

This sampling program will test quarterly samples of water from the following locations:

- Raw water from each operating well
- Blended water leaving the storage tank

When a new well is brought online, it will be sampled in accordance with the above 3-phase schedules, as will the blended water.

### ***7.5 Start-Up Procedures***

After all electrical, control, monitoring and sampling systems have been checked out and verified as operational, each pump will be called into service. The Vance Well will be put into operation first, followed by the Smith Well will come on-line, followed by the Neely-West Well as described above.

# EXHIBIT

"E"



**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
CERTIFICATE OF APPROVAL TO CONSTRUCT  
DRINKING WATER FACILITIES**

Page 1 of 2


<b>ADEQ FILE NO.:</b> 20050847	<b>LTF No.:</b> 38064
<b>SUPPLYING SYSTEM NAME:</b> Santa Cruz Water Co., LLC <b>PUBLIC WATER SYSTEM NO.:</b> 11-131	
<b>PROJECT NAME:</b> Rancho El Dorado Pumping Improvements	
<b>PROJECT OWNER:</b> Graham Symmonds, Santa Cruz Water Company	
<b>ADDRESS:</b> 22601 N. 19 <sup>th</sup> Ave. #210, Phoenix, AZ 85027	
<b>LOCATION:</b> Smith-Enke Road and Santa Rosa Road, City of Maricopa	<b>COUNTY:</b> Pinal
<b>PROJECT DESCRIPTION:</b> Installation of water treatment facility upgrades, including pumps, chlorinating facility, and related piping and fittings, to increase the pumping capacity from 4,000 GPM to 9,100 GPM at Rancho Ed Dorado, City of Maricopa.	

*Approval to Construct the above-described facility as represented in approved plan documents on file with the Arizona Department of Environmental Quality is hereby given subject to the following provisions:*

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion, and forward it to the Drinking Water Field Engineering and Inspection Unit - Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin. Code. At the project owner's request, the Department *may* conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.

Provisions 3 through 5 are continued on Page 2 of 2 total pages

MAH:mah  
50847dbm.5nt

By:   
Kwame Agyare, P.E., Manager  
Technical Engineering Unit  
Drinking Water Section  
Water Quality Division

11/21/05  
Date Approved

cc: File No: 20050847, LTF No. 38064  
County Health Department: Pinal  
Drinking Water Field Engineering/Inspection Unit - Phoenix  
Water System: Santa Cruz Water Co.  
Planning & Zoning: Pinal County  
Engineer: William D. Roberts, P.E.  
Engineering Review Database  
Romann Diaz, Manager, Field Service Unit

CERTIFICATE OF APPROVAL TO CONSTRUCT DRINKING WATER DISTRIBUTION SYSTEM:  
ADEQ FILE NO. 20050847: RANCHO EL DORADO PUMPING IMPROVEMENTS  
PAGE 2 OF 2 PROVISIONS, CONTINUED

3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department.
5. Before construction of a modification, expansion, or alteration of this distribution system begins, a separate Approval to Construct applicable to each addition must be obtained. R18-5-505(B), Ariz. Admin. Code.

EXHIBIT

"E"

1  
2  
3 **BEFORE THE ARIZONA CORPORATION COMMISSION**

4 **COMMISSIONERS**

5 JEFF HATCH-MILLER, CHAIRMAN  
6 WILLIAM A. MUNDELL  
7 MIKE GLEASON  
8 KRISTIN K. MAYES  
9 GARY PIERCE

2007 FEB 22 P 1:55  
AZ CORP COMMISSION  
DOCUMENT CONTROL

10 IN THE MATTER OF THE APPLICATION OF  
11 PALO VERDE UTILITIES COMPANY FOR AN  
12 EXTENSION OF ITS EXISTING CERTIFICATE  
13 OF CONVENIENCE AND NECESSITY.

Docket No. SW-03575A-05-0470

14 IN THE MATTER OF THE APPLICATION OF  
15 SANTA CRUZ WATER COMPANY FOR AN  
16 EXTENSION OF ITS EXISTING CERTIFICATE  
17 OF CONVENIENCE AND NECESSITY.

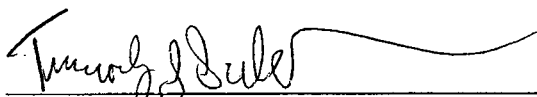
Docket No. W-03576A-05-0470

**NOTICE OF FILING  
COMPLIANCE**

18 Santa Cruz Water Company and Palo Verde Utilities Company, in compliance with  
19 Decision No. 68498, hereby file the operating/license agreement with the City of Maricopa, which  
20 is an accepted substitute for a franchise. The other compliance item due this week – the  
21 Modification of the Designation of Assured Water Supply – was filed on May 18, 2006.

22 RESPECTFULLY SUBMITTED this 22<sup>nd</sup> day of February 2007.

23 ROSHKA DEWULF & PATTEN, PLC

24 By   
25 Michael W. Patten  
26 Timothy J. Sabo  
27 One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85004  
(602) 256-6100

Attorneys for Santa Cruz Water Company  
and Palo Verde Utilities Company

1 Original + 15 copies of the foregoing  
2 filed this 22<sup>nd</sup> day of February 2007, with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington  
6 Phoenix, Arizona 85007

7 Copies of the foregoing hand-delivered/mailed  
8 this 22<sup>nd</sup> day of February 2007 to:

9 Dwight D. Nodes, Esq.  
10 Administrative Law Judge  
11 Hearing Division  
12 Arizona Corporation Commission  
13 1200 West Washington  
14 Phoenix, Arizona 85007

15 Christopher C. Kempley, Esq.  
16 Chief Counsel, Legal Division  
17 Arizona Corporation Commission  
18 1200 West Washington  
19 Phoenix, Arizona 85007

20 Ernest G. Johnson, Esq.  
21 Director, Utilities Division  
22 Arizona Corporation Commission  
23 1200 West Washington  
24 Phoenix, Arizona 85007

25 Brian Bozzo  
26 Compliance, Utilities Division  
27 Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

20 By Mary Ippolito  
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25  
26  
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**LICENSE AGREEMENT**

This License Agreement ("License") is made this day of 9 Nov 2006, by and between City of Maricopa, an Arizona municipal corporation ("City") and Palo Verde Utilities Company, LLC/Global Water-Palo Verde Utilities Company and Santa Cruz Water Company, LLC/Global Water-Santa Cruz Water Company (collectively, "Utility"). This License is entered into pursuant to and in accordance with the Memorandum of Understanding ("MOU") entered into between the City and the Utility's parent company, Global Water Resources, LLC ("GWR") dated December 6, 2005.

**RECITALS:**

A. Utility is currently or will be providing water and wastewater services throughout significant portions of the City, the Subject Territories and Global's Planning Area (as defined in the MOU). Such area is within the current or expected future area for which Utility holds a Certificate of Convenience and Necessity ("CC&N") issued by the Arizona Corporation Commission ("Commission"). Utility has been asked by certain property owners to petition the Commission for an extension of said CC&N to include additional areas within and outside the City but which are not currently within Utility's existing certificated area. The areas outside of the City are within the City's growth and/or planning areas. Utility acknowledges City's commitment to the health and welfare of the residents of these areas and, therefore, will continue to use the best available engineering and technology in supplying water, wastewater and reclaimed water services in conformance with applicable regulations of the United States Environmental Protection Agency, Arizona Department of Environmental Quality, Pinal County Department of Health and Human Services, the Commission, and any other governmental authority having jurisdiction thereof.

B. City acknowledges Utility's operation in these areas and recognizes the importance of the wastewater, water and reclaimed water utility services provided by Utility and further acknowledges the extension of Utility's CC&N and operations to include additional properties outside of and within the City.

C. City has agreed that Utility should be permitted the use of all public streets and rights-of-way within the City for utility service during the term of this License. Utility and City agree that City will have the right to review and approve the location of all wastewater and water mains, force mains, lift stations and other similar facilities that may be placed in public rights-of-way within the City's jurisdiction.

Accordingly, the parties hereto desire to enter into this License.

#### **AGREEMENT:**

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. **Definitions.** Utility and City agree to the following definitions as to terms utilized herein:

A. "City Administrator" shall mean the City Manager for the City of Maricopa, Arizona, who oversees the day-to-day conduct of City business in accordance with the directions of the Mayor and City Council as set forth in the City Code of the City of Maricopa, Arizona.

B. "City Facilities" shall mean all public utilities for the provision or collection of wastewater, water, gas, electric, telephone, railroad, solid waste and transportation including, but not limited to, methods of manufacture, distribution, transmission, storage or supply of such public utilities.

C. "Utility Facilities" shall mean facilities owned by Utility and used in the provision of water production, treatment and distribution, wastewater collection and treatment and reclaimed water delivery including, but not limited to, methods of manufacture, distribution, transmission, storage or supply of such wastewater treatment.

D. "Proprietary Function" shall mean functions that City, in its discretion, may perform when considered to be for the profit or benefit of the City and its residents as opposed to "Governmental Purposes."

E. "Environmental Laws" shall mean all federal, state and local laws, ordinances, rules, regulations, statutes and judicial decisions now or hereafter in effect, as amended from time to time, in any way relating to or regulating human health or safety, or industrial hygiene or environmental conditions, or protection of the environment, or prevention or cleanup of pollution or contamination of the air, soil, surface water or ground water.

F. "Governmental Purposes" shall include, but not be limited to, the following functions of City: (1) any and all improvement to City streets, alleys, and avenues; (2) establishing and maintaining storm drains and related facilities; (3) establishing and maintaining municipal parks, parking, parkways, pedestrian malls, or grass, shrubs, trees, and other vegetation for the purposes of landscaping any street or public property; (4) collection and disposal of garbage; and (5) as defined by statute and case law.

G. "Hazardous Substances" means those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, or other petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials.

2. **Operating Grant.** City hereby grants Utility, its successors and assigns, the license, right and privilege to construct, maintain, and operate upon, over, along, across, and



under the present and future public rights-of-way (including, but not limited to, streets, alleys, ways, highways and bridges) within the City (currently or in the future) and those areas outside of the City's jurisdictional limits but within its growth areas (as defined on Exhibit A attached hereto), wastewater collection, water distribution, and reclaimed water distribution systems, together with all necessary or desirable appurtenances (including, but not limited to, pumping facilities, transmission mains, service lines, meters, force mains, collection mains, valves, cleanouts, manholes, control stations, remote terminal units, telemetry antennae (subject to applicable regulatory provisions) and equipment for its own use), for the purpose of supplying water together with wastewater collection, treatment and reclaimed water services to City, its successors, the inhabitants thereof, and all individuals and entities either within or beyond the limits thereof, for all reasonable purposes. This License shall be effective on the date first set forth above, and unless earlier revoked or terminated as provided for herein, the term of this License shall continue, as provided for in the MOU, until the earlier of (a) being replaced with a franchise agreement as provided for in the MOU or (b) twenty (20) years from the date of this License.

In the event of conflict between the terms and conditions of this License and the terms and conditions under which the City may grant a license as set forth in applicable Arizona law or the Maricopa City Code, the following will prevail in the order presented: (i) applicable Arizona law, (ii) Maricopa City Code, and (iii) this License.

This License as granted is non-exclusive. City specifically reserves the right to grant, at any time, such additional licenses to use the City's present and future public rights-of-way to other parties as it deems appropriate.

3. Compliance with City Practice; Map Submitted for Approval; City

Construction Near Utility Facilities.

**A. Construction Standards.**

All construction of Utility Facilities hereunder shall be performed in accordance with the construction standards, conditions and administrative procedures (including Global Water Construction Standards, Uniform Standard Specifications for Public Works Construction (MAG)) of City with respect to improvements in the public rights-of-way. Before Utility makes or authorizes any installations in the public rights-of-way, Utility shall submit for approval a map and site plan showing the location of such proposed installations to City Administrator or his designee. In addition, Utility is aware that City may require any landowner, developer or new customer entering into facilities extension agreements with Utility within the jurisdiction of City to submit their plans for facility construction for review and that City may charge a reasonable fee for such review. City shall require that City's costs for an on-site inspector to review Utility's compliance within the requirements of right-of-way permits issued pursuant to this License shall be paid by Utility. The inspector may be full time or part time as determined in the reasonable discretion of City based upon Utility's construction in the public right-of-way.

Utility shall strictly adhere to all applicable codes, right-of-way permit conditions or regulations of City currently or hereafter in force. Utility shall arrange the Utility Facilities within the area of the License in such a manner as to cause no unreasonable interference with the use of said public property. In the event of such interference caused by installation by Utility that is not in accordance with plans that have been submitted to the City, City may require the relocation or removal of Utility's Facilities from the property within the area of this License in question without cost to City.

**B. Restoration.**

Whenever Utility disturbs the surface or subsurface of any public right-of-way or adjoining public property or the public improvement located thereon, therein or thereunder for

any purpose mentioned herein, Utility shall promptly, at its own expense, restore, repair or replace the same to a condition as existed prior to the disturbance to the satisfaction of City (subject to City's customary practice of review upon request of Utility). If such restoration, repair or replacement of the surface, subsurface or any structure thereon, therein or thereunder is not completed in a reasonable time or such restoration, repair or replacement does not meet City's satisfaction, City may perform the necessary restoration, repair or replacement, either through use of its own forces or through a hired contractor, and the cost thereof, including the cost of inspection and supervision, shall be paid by Utility within thirty (30) days after receipt of City's invoice therefor. All excavations made by Utility in the City's public rights-of-way shall be properly safeguarded for the prevention of accidents. The work hereby required shall be done in strict compliance with the applicable rules, regulations and ordinances of City as now or hereafter amended.

#### C. Location.

The Utility Facilities herein provided for, to be constructed, installed, operated and maintained hereunder, shall be so located or relocated as to interfere as little as possible with traffic or other authorized uses over, under or through the City's public rights-of-way. Utility shall conduct its activities hereunder within the City's rights-of-way in such a manner as to not unreasonably interfere with City's placement, construction, use and maintenance of its public rights-of-way, street lighting, water pipes, drains, sewers, traffic signal systems, light rail or other City systems that have been, or may be, installed, maintained, used or authorized by City. Those phases of the activities licensed herein relating to traffic control, backfilling, compaction and paving, as well as the location or relocation of Utility Facilities herein provided for, shall be subject to regulation by City.

Utility shall keep accurate installation records of the location of all Utility Facilities in the City's public rights-of-way and shall cooperate with City to furnish such records in an electronic mapping format compatible with the current City electronic mapping format. At a minimum, such files shall be ESRI Shape Files that contain the center line route of the water and wastewater lines together with the nominal line size, operating system name, line section name, shape file projection, longitude/latitude coordinates, and NAD\_1983 HARN Stateplane\_Arizona\_Central\_FIPS\_0202\_Feet\_Intl Projection: Transverse\_Mercator. Upon completion of changes in the Utility Facilities in the City's rights-of-way, Utility shall provide City with installation records in an electronic format compatible with the current City electronic mapping format showing the location of the underground and above ground facilities within thirty (30) calendar days from the completion of the installation.

Utility shall comply with Arizona Revised Statutes Sections 40-360.21 *et seq.* by participating as a member of the Arizona Blue Stake Center with the necessary records and persons to provide location service of Utility Facilities upon receipt of a locate call or as promptly as possible, but in no event later than two (2) working days. A copy of Utility's agreement or proof of membership shall be filed with City.

If, during the design process for public improvements being constructed for a Governmental Purpose, City discovers a potential conflict of Utility Facilities with proposed construction, Utility shall either: (1) at its sole cost through its own service locate and, if necessary, expose its facilities in conflict in the least destructive or intrusive method possible; or (2) reimburse City for the reasonable costs of using a pothole service under contract with City to locate or expose its facilities. City shall make reasonable efforts to design projects pursuant to this subsection so as to avoid relocation expense to Utility. Utility agrees to furnish the location

information in a timely manner, but in no case longer than fifteen (15) calendar days after City's written notice of potential conflict.

Utility agrees not to install, maintain or use any of its Utility Facilities in such a manner as to damage or unreasonably interfere with any existing facilities of any utility located within the rights-of-way of City.

#### **D. Relocation**

City may reasonably require relocation of the Utility Facilities in the City's public rights-of-way. If City requires such relocation, the entire cost of such relocation shall be borne by Utility.

City will not exercise its rights to require relocation of the Utility Facilities in an unreasonable or arbitrary manner, or to avoid its obligation under the License. City agrees to notify Utility during the planning and design of City's projects in rights-of-way that may require relocation of the Utility Facilities and to coordinate its construction plans and schedules with Utility to determine the most cost-effective design to mitigate Utility's cost to relocate the Utility Facilities.

City will make reasonable efforts not to require Utility to relocate the Utility Facilities within the public rights-of-way without providing Utility adequate space within the rights-of-way to relocate the Utility Facilities that must be moved.

Subject to the provisions of this Section, if, during the course of a project undertaken by or on behalf of City, City determines that the Utility Facilities are in conflict, the following procedures shall apply: (i) Prior to issuing notice to proceed to City's contractor, Utility shall, within a reasonable time, but in no event exceeding six (6) months, remove or relocate the conflicting facility to the alternate location provided by City as described in this Section. This time period shall begin running upon receipt by Utility of written notice from City. However, if

both City and Utility agree, the time frame may be extended based on the requirements of the project; (ii) Subsequent to City's notice to proceed to its contractor, City and Utility will immediately begin the coordination necessary to remove or relocate the conflicting facility. Actual construction of such removal or relocation is to begin no later than sixty (60) business days, if practicable, after written notification from City of the conflict.

Utility agrees to obtain a permit as required by this License prior to removing, abandoning, relocating or reconstructing, if necessary, any portion of the Utility Facilities within the City's public rights-of-way. Further, Utility shall reimburse City for pavement damage as reasonably determined by the City Code or the City. Reimbursement for pothole services and pavement damage is separate, and in addition to, any license fees included in this License. Utility, at the time of or prior to submitting construction plans, shall provide City with a description of the type of service to be provided by Utility in sufficient detail for City to determine compliance with this License.

In the event that Utility's construction or maintenance activities under this License conflict with existing or planned facilities occupying the City's public rights-of-way under authority of a City permit or License, and such activities require the relocation of such existing facilities, Utility shall be responsible for the cost of such relocation.

If Utility fails to comply with the terms of this License in undertaking any relocation of the Utility Facilities that are required under this License, and such failure delays construction of a public project causing City to be liable for delay damages, Utility shall reimburse City for those damages attributable to the delay created by Utility. Except for charges that it is disputing in good faith, Utility shall pay City for delay damages under this paragraph within thirty (30) calendar days of receipt of an invoice. Except for charges that Utility is disputing in good faith, a late charge in the amount of one and one-half percent (1.5%) accruing thirty-one (31) days

from the date of the invoice until paid per month shall be assessed for late payment of such damages.

#### **E. Emergencies**

In the event of a public emergency, City may direct Utility to undertake reasonable activities in connection with the Utility Facilities as deemed reasonably necessary by the City Administrator and Public Works Director to address a public emergency. A public emergency shall be any condition which, in the opinion of any of the officials named, poses an immediate threat to the lives or property of the citizens of City, caused by any natural or man-made disaster, including, but not limited to, storms, floods, fire, accidents, explosions, major water main breaks, hazardous materials spills, etc. Utility shall conduct any such emergency activities at its cost, but may seek recovery for such costs against any party, except City, that may have responsibility for causing the emergency. If Utility does not take the action directed by City described above within 24 hours, City reserves the right to cause such action to be undertaken by City or a third party and seek reimbursement from Utility.

#### **F. Permitting**

Prior to construction or alteration of the Utility Facilities in the City, Utility shall in each case file plans with the City's Public Works Department and any other department as may be designated by City and, where required, receive written approval in the form of a permit before proceeding with such work.

A City construction permit to allow installation of the Utility Facilities in the City may include the following, but not limited to, conditions: (i) Controlling construction hours to nighttime and weekends; (ii) Controlling the length of street segments under construction; (iii) Reserving the right to change the construction schedule to accommodate known and unforeseen events; (iv) Requiring public information/notification efforts; (v) Requiring construction firms to

utilize contract barricade companies and any other necessary traffic control devices; (vi) Requiring trench plating and restoration of the street segment to accommodate normal traffic needs each day; (vii) Requiring that substantial design be done up front to minimize unanticipated route changes; (viii) Providing for a requirement controlling the number of pipelines constructed in a street segment; (ix) Other reasonable conditions relating to construction in the City's rights-of-way.

#### **G. Other**

In the case of emergency repairs, after calling Police and Fire Departments as appropriate, Utility may call the City's Public Works Director or City Administrator to locate and obtain verbal approval for the emergency repair from the City. However, in all cases Utility must file plans and obtain all applicable permits within two (2) business days of any such emergency.

Whenever the construction, operation, use, relocation, reconstruction, repair, maintenance or related activity by Utility causes the release of a Hazardous Substance, Utility shall take all necessary actions and measures to immediately abate such Hazardous Substance. If Utility cannot contact the City Administrator or Public Works Director immediately, Utility shall proceed to abate the Hazardous Substance immediately and shall notify the City Administrator or Public Works Director, file plans, obtain a permit and make any required changes within two (2) business days of such abatement.

If City undertakes either directly or through a contractor any construction project adjacent to or near the Utility Facilities operated pursuant hereto and such activity does not involve a public improvement for a Governmental Purpose, City shall include in all such construction specifications, bids, and contracts a requirement that, as part of the cost of the project and at no cost to Utility, the contractor or his designee obtain from Utility approval for the temporary



removal, relocation, barricading or depressurization of any Utility Facilities or equipment, the location of which may create an unsafe condition in view of the equipment to be utilized or the methods of construction to be followed by the contractor. City shall indemnify and hold Utility harmless from any and all claims, costs, losses, or expenses incurred by Utility as a result of the failure of City to comply with the requirements hereof.

4. Fees.

A. A fee of three percent (3%) of Gross Revenues as it relates to consumptive use of water and wastewater by residential and commercial customers within the existing incorporated limits of the City, the Subject Territories and in Global's Planning Area shall be paid by Utility to the City. If the ACC Order (as defined in the MOU) has not been entered by April 14, 2006, then the fee of three percent (3%) as provided for above shall be reduced to two percent (2%) with respect to the consumptive use of water and wastewater residential and commercial customers located outside the jurisdictional limits of the City but within GWR's Planning Area; however, if any property located outside the City's jurisdictional limits becomes a part of the City's jurisdictional limits through an annexation, then the fee shall automatically be increased from two percent (2%) to three percent (3%) for the annexed property on the date the annexation is effective. In the event the Commission declines to enter the ACC Order and at the request of the Utility or GWR, the City will then proceed with a franchise election (at Utility's cost) seeking approval of the fees provided for in this Section and to grant Utility or GWR a franchise in connection therewith for a reasonable term as agreed to by the parties, but in no event less than twenty (20) years. The franchise election shall take place on a date to be set by the City and shall occur no later than the earlier of eighteen (18) months following the Commission declining to enter the ACC Order or October 15, 2007. Upon a request of Utility or GWR, the City agrees to continue to cause franchise elections to occur (at Utility's cost) on at

least an annual basis seeking approval of the franchise provided for herein. All of the foregoing payments shall be made on a quarterly basis. Gross Revenues shall include base fees, consumptive fees, and industrial and commercial reclaimed water sales but shall not include revenues as they arise from hook up fees, service connection fees, termination fees, reconnect or disconnect fees, late fees, NSF fees, account handling fees, or bulk service rate on the sale of construction water. The parties acknowledge that Utility or GWR will seek the consent of the Commission to allow for inclusion of all fees described within this Section in the monthly consumptive billing of the utilities. The fees provided for in this Section are flow through fees to Utility and are incremental to the rates currently set in place by the Commission; however, if the Commission does not approve these fees to be added to the monthly consumptive billings of Utility, Utility shall pay the fees as an operating expense.

B. GWR shall pay City a special installation fee of Fifty Dollars (\$50.00) for each residential home within the jurisdictional limits of City as annexed from time to time connecting to the water or wastewater system described herein during the term of this License. Only a single Fifty Dollar (\$50.00) fee will be paid per home. The special installation fee will be adjusted to One Hundred Dollars (\$100.00) for each residential home within GWR's Planning Area (exclusive of the Ak-Chin Indian Reservation and also excluding homes within the jurisdictional limits of the City) connecting to the Utility's water and wastewater system described herein during the terms of this License. All such fees will be paid retroactively on a quarterly basis.

C. Payments due City under this License shall be made payable to the "City of Maricopa" and directed to: The City of Maricopa, P.O. Box 610, Maricopa, Arizona 85239. All forms and remittances received within the cashiering office on or before the last business day of the month following the end of each calendar quarter when due shall be regarded

as timely filed. The start of business of the first business day following the second month following the end of each calendar quarter when due shall be the delinquency date. Mailing the form of remittance on or before the due date or delinquency date does not relieve Utility of the responsibility of causing its form or remittance to be received by the last business day of the quarter when due. If such payment is not received by the delinquency date, City shall impose interest at a rate of one and one-half percent (1.5%) per month commencing from the delinquency date and continuing until the payment is made. Fractions of a month shall be considered to constitute a full month for the purpose of computing interest. Each payment shall be accompanied by a brief report showing the basis for the computation and such other relevant facts as may be required by the City.

D. The fees contemplated by this Section are the same fees contemplated by the Sections 5 and 12 of the MOU. The MOU shall not be construed as containing an additional obligation for the Utility or GWR to pay fees.

5. Nature of License. This License is not exclusive, and nothing herein contained shall be construed to prevent City from granting other like or similar grants or privileges to any other person, firm or corporation. Utility may not assign this License to any other person, firm or corporation without the prior written consent of City, which shall be expressed by a Resolution from the City Council. Any transfer of this License, whether voluntary or involuntary, without approval of the City shall be deemed void and of no effect.

6. Revocation.

6.1 Revocation for Cause. Subject to Section 6.2 below, this License issued hereunder may, after public hearing, be revoked, altered, or suspended by City as it deems necessary on any of the following grounds: (i) For failure to pay license fees as required under this License; (ii) For failure to comply with the law regarding the operation of the Utility

Facilities, this License or the appropriate regulatory authority; (iii) For violation of material terms of this License; (iv) Any fraud by Utility in its conduct or relations under the material terms of this License; (v) Willful or grossly negligent repeated violations of this License; (vi) Failure to comply with any federal, state, local or administrative order, law, permit regulation or consent decree as such may apply to the activities of Utility, as contemplated in this License; and (vii) Permanent or temporary suspension for a period greater than ninety (90) calendar days by the United States or the State of Arizona for any authorizations for Utility to own, operate, maintain, or construct the Utility Facilities.

6.2 Cure Period. If any of the foregoing events shall occur, Utility shall be given a period of thirty (30) days after receipt of a written notice of default from City to cure said default prior to the conduct of the hearing described in Section 6.3. If Utility shall fail to cure the event of default within said thirty (30) day period or, in the event of a default that is unable to be cured within such thirty (30) day period, Utility shall fail to commence the cure of the event of default and continue to diligently pursue such cure, the provisions of Section 6.3 shall then apply.

6.3 City Determination; Public Hearing. If Utility shall fail to remedy its default as provided for in Section 6.2, City shall notify Utility of that determination and shall state the major causes and reasons supporting the determination. Utility shall be granted ten (10) days to respond to the determination. City shall consider the response of Utility, if any, and may terminate, postpone for a period, or proceed with the revocation, alteration, or suspension process. If City proceeds with the revocation, alteration or suspension process, or reactivates postponed proceedings, a written statement of revocation, alteration or suspension shall be served upon Utility stating the principal reasons for such action and a copy of the statement shall be sent by certified U.S. Mail, return receipt requested, to Utility. This statement and a Notice of Public Hearing shall be published in a newspaper of general circulation and a public hearing

shall be scheduled thirty (30) days after publication. The City Council shall take final action on the revocation, alteration or suspension of the License after completion of the public hearing.

7 Abandonment

7.1 Abandonment; Removal of Facilities. In the event that the use of a substantial part of any of the Utility Facilities in the City is commenced in connection with the providing of regular services and then discontinued for any reason for a continuous period of two (2) years for reasons other than Force Majeure, or in the event such Utilities Facilities have been installed in any City public right-of-way without complying with the requirements of this License, or this License has terminated or been revoked, Utility shall promptly, upon being given thirty (30) days' notice from City, begin removal of such Facilities in the City and related appurtenances from the City's public rights-of-way other than such underground facilities which City may permit to be abandoned in place. In the event of such removal, Utility shall promptly restore the street or other area from which such property has been removed to a condition satisfactory to City subject to City's customary practice to review upon request of Utility. As a minimum, Utility shall restore the City's public rights-of-way to a condition as existed prior to the removal of the structure or property.

7.2 Permanent Abandonment. Utility Facilities and any other property of Utility remaining in the City's public rights-of-way without the consent of City one hundred and eighty (180) days after the revocation of the License shall be at the option of City considered permanently abandoned. Any Utility property permitted to be abandoned in place shall be abandoned consistent with applicable law.

8. Indemnification and Insurance

8.1 General Indemnification. Utility shall fully indemnify, defend and hold harmless City, its officers, boards, commissions, elected officials, agents, attorneys, representatives and

employees (the "Indemnitees") against any and all costs, damages, expenses, claims, suits, actions, liabilities and judgments for damages, including but not limited to, reasonable expense for legal fees, whether suit be brought or not, and disbursements and liabilities incurred or assumed by City (collectively "Losses") in connection with: (i) Personal injury or death and damage to any form of property tangible or intangible, in any way arising out of or through the acts or omissions of Utility, its officials, agents, attorneys, representatives or employees; (ii) Requests for relief to the extent arising out of any Utility action or inaction which results in (a) a claim for invasion of the right of privacy; (b) defamation of any person, firm or corporation; (c) trespass or any claim of compensable taking or compensable diminution of use or value of property; (d) violation or infringement of any copyright, trademark, trade name, service mark or patent; (iii) Any and all claims arising out of Utility's failure to comply with the provisions of this License or any federal, state or local law or regulation applicable to Utility; or (iv) Any and all disputes arising out of a claim by any party other than City or Utility wherein damages or other relief is sought to the extent caused by an action or omission of Utility. However, such duty to indemnify, defend and hold harmless shall not apply to Losses arising from the negligence or willful misconduct of City, its employers, agents, representatives and invitees for which City shall indemnify Utility..

8.2 Waiver. The provisions of this Section shall not be read to impose any liabilities on City not imposed by other law, or to waive any immunities City may have under federal or state law. Utility shall make no settlement in any matter identified above without City's written consent, which shall not be unreasonably withheld or delayed. Failure to inform City of settlement shall constitute a breach of the License and City may seek any redress available to it against Utility whether set forth in this License or under any other municipal, state or federal laws. City's exercise of or failure to exercise all rights pursuant to any section of this License

shall not affect in any way the right of City to subsequently exercise any such rights or any other right of City under this License or any other rule, regulation or law.

8.3 All Rights Reserved. All rights of City, pursuant to indemnification and insurance as provided for by this License are in addition to all other rights City may have under this License and any other rule, regulation or law.

8.4 Survival. The provisions of this Section shall not be dependent or conditioned upon the validity of this License or the validity of any of the procedures or agreements involved in the award of a license, but shall be and remain a binding right and obligation of City and Utility even if part or all of this License is declared null and void in a legal or administrative proceeding. It is the intent of Utility and City, upon the Effective Date of the License, that the provisions of this subsection survive any such declaration and shall be a binding obligation of and inure to the benefit of Utility and City and their respective successors and assigns, if any.

8.5 Environmental Indemnification. Utility (as "Indemnitor") agrees to indemnify, defend, save and hold harmless City and its officers, officials, agents and employees as ("Indemnitee") from and against any and all demands, claims, complaints, losses, damages, actions or causes of action, assessments, liabilities, costs or expenses including, without limitation, interest, penalties and reasonable attorneys' fees and reasonable expenses of investigation and remedial work (including investigations and remediation by engineers, environmental consultants and similar technical personnel) asserted against or imposed upon or incurred by Indemnitee arising in connection with, or resulting from, any Environmental Law, including but not limited to, any use, generation, storage, spill, release, discharge or disposal of any Hazardous Substance that comes to be located on, at, about or under the City's rights-of-way because of, or in connection with, the violation of any Environmental Law (hereinafter collectively referred to as "Claims") to the extent that such Claims are caused by the Fault of the

Indemnitor, its officers, officials, agents, employees, contractors, volunteers, tenants, subtenants, invitees or licensees. As used in this Section, "Fault" means those nonculpable acts or omissions giving rise to strict liability under any Environmental Law pertaining to Hazardous Substances, as well as culpable conduct (negligence or willful misconduct) provided however, "Fault" does not include claims caused by the negligence or willful misconduct of City, its employees, agents, representatives or invitees.

8.6 Liability Insurance. Beginning upon the Effective Date and continuing throughout the term of this License, Utility shall maintain insurance in the amounts and under the terms and conditions set forth in Exhibit B. Within thirty (30) days of the Effective Date, Utility shall file with City and maintain on file throughout the term of this License certificates of insurance that demonstrate that Utility complies with the requirements set forth in Exhibit B. Utility shall also provide City certificates evidencing its compliance within ten (10) business days from any subsequent request from City.

8.7 Changes to Insurance. Utility shall have six (6) months from the date of notification from the City Administrator of reasonable changes to the insurance requirements to comply with such changes. City may, no more frequently than each year on the anniversary date of this License, change such insurance requirements to be consistent with insurance requirements consistent with prudent water, wastewater, and reclaimed water utility practices.

## 9. General Provisions

9.1 License Administrator and Enforcement. In all matters of License administration, the City Administrator shall have authority to determine Utility's compliance with the terms and provisions of this License, and in the event of non-compliance to exercise any or all of the remedies included in this License, except that License revocation may be accomplished as indicated in this License. Should Utility become dissatisfied with any material decision or ruling



of the City Administrator, Utility may appeal the decision of the City Administrator on issues of significance, to the City Council. The City Council may refuse to reconsider, accept, reject or modify the decision of the City Administrator. Notwithstanding the above, this provision shall in no way be deemed to restrict Utility from seeking relief in any court of competent jurisdiction.

9.2 Right of Inspection of Construction. City shall have the right to inspect all construction or installation work performed subject to the provisions of this License and to make such tests as it shall find necessary to ensure compliance with the terms of this License and other pertinent provisions of law.

9.3 Right of Intervention. City shall have the right of intervention in any suit or proceeding related to or arising out of this License to which Utility is party, and Utility shall not oppose such intervention by City but shall in no way be deemed to have waived its rights to oppose the merits of the City's position following such intervention.

9.4 Right of Inspection of Records. Upon five (5) business days' prior written notice, City shall have the right to inspect all books, records, maps, plans, and other like material of Utility which is limited to and relates to this License, at any time during normal business hours at a location within the jurisdictional limits of the City

9.5 Proprietary Information. If Utility determines that in order to respond to City's request for documentation and inspection that it must reasonably provide proprietary information, Utility shall so designate such claim to proprietary treatment on documents provided to City. Proprietary information disclosed by Utility for the purposes hereunder shall mean any document or material clearly identified as confidential (hereinafter "Proprietary Information"). Proprietary Information shall not, however, include information provided by City to calculate the license fee or permits issued by City. Proprietary Information disclosed by Utility hereunder to City or its constituent departments shall be regarded as proprietary as to

third parties, and City shall take such steps as are reasonably necessary to keep such information confidential. The foregoing shall not apply to any information which is already in the public domain; however, if public domain information is included with proprietary information on the same document, City shall only disclose those portions within the public domain. If a third party ever challenges Utility's designation of information as Proprietary Information and Utility does not want the information disclosed, Utility will reimburse the City for any expenses incurred in responding to such challenge by the third party.

9.6 Public Records Acknowledgment. Notwithstanding any provision in this License, Utility acknowledges and understands that City is a political subdivision of the State of Arizona and is subject to the disclosure requirements of Arizona's Public Records Law (Ariz. Rev. Stat. Ann. §§ 39-121, *et seq.*).

9.7 Permission of Property Owner Required. A License granted hereunder shall not convey the right to install any Utility Facilities or other piece of equipment by Utility on private property.

9.8. Compliance with Laws. Utility shall comply with all Federal and State of Arizona laws, as well as all City ordinances, resolutions, rules and regulations heretofore or hereafter adopted or established as they pertain to the exercise of the rights and duties granted Utility under this License.

9.9 Non-Performance by City. Utility shall not be relieved of its obligation to comply with any of the provisions of this License by reason of any failure of the City, upon any one or more occasions, to insist upon or to seek compliance with any such terms and conditions.

9.10 Right to Secure Public Welfare. There is hereby reserved to City every right and power which is required to be herein reserved or provided by any ordinance or the City Code and Utility by its acceptance of this License, agrees to be bound thereby and to comply with any

actions. If Utility discovers a pre-existing environmental condition, Utility shall immediately notify City in writing.

9.14 Right of Cancellation. Utility acknowledges that this License is subject to cancellation by City pursuant to the provisions of Section 38-511, Arizona Revised Statutes.

9.15. Covenant Against Contingent Fees. Utility warrants that no person has been employed or retained to solicit or secure this License upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee; and that no member of the City Council, or any employee of City, has any interest, financially or otherwise, in this License or Utility. For breach or violation of this warranty, City shall have the right to annul this License without liability, or at its discretion to deduct from the License price or consideration, the full amount of such commission, percentage, brokerage or contingent fee.

9.16 Equal Opportunity/Affirmative Action. Utility shall comply with the provisions of this License pertaining to discrimination and accepting applications or hiring employees. Utility shall not discriminate against any worker, employee or applicant, or any member of the public, because of race, color, religion, gender, national origin, sexual orientation, age or disability nor otherwise commit an unfair employment practice. Utility will take affirmative action to ensure that applicants are employed, and employees are dealt with during employment, without regard to their race, color, religion, gender or national origin, sexual orientation, age or disability. Such action shall include but not be limited to the following: employment, promotion, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship as well as all other labor organizations furnishing skilled, unskilled and union labor, or who may perform any such labor or services in connection with this License.

action or requirements of City in its exercise of such rights or power, heretofore or hereafter enacted or established. Neither the granting of this License nor any provision hereof shall constitute a waiver or bar to the exercise of any governmental right or power of City. No privilege or exemption shall be granted under this License except those specifically prescribed herein.

9.11 The License Document—Issuance and Acceptances. The License granted shall not become effective until all provisions required in this subsection are completed, all of such provisions being hereby declared to be conditions precedent to the effectiveness of any such License granted hereunder. In the event any of such provisions are not completed in the time and manner required, the License shall be null and void. Within thirty (30) days of the Effective Date of this License or within such extended period of time as the City Council in its discretion may authorize, Utility shall submit to City its written acceptance of the License, together with the insurance certificates required by the License, and its acknowledgment that it will be bound by and comply with everything which is required of Utility by the provisions of the License. Such acceptance shall be acknowledged by Utility.

9.12. Survival of Warranties. Utility's representations and warranties made under this License or any permit issued hereunder shall survive termination or revocation.

9.13. Hazardous Substances. Utility shall, at its own cost, be responsible for proper investigation and management of all Hazardous Substances under its control, including Hazardous Substances in which it uses, generates or disposes of, and shall comply with all Environmental Laws in carrying out its obligations under this License. In the event Utility releases to the environment Hazardous Substances under its control, to the extent that a governmental agency with jurisdiction requires reporting, investigation, cleanup or remedial measures to be taken, Utility shall, at its sole cost and expense, promptly undertake such required

9.17. Independent Contractor. Any provision in this License that may appear to give the City the right to direct Utility or Utility the right to direct City as to the details of accomplishing the work or to exercise a measure of control over the work means that the party shall follow the wishes of the other party as to the results of the work only. These results shall comply with all applicable laws and ordinances. The parties are each independent of each other and nothing in this License shall be construed as creating a joint venture relationship between the parties.

9.18. Compliance with Federal Laws. Utility understands and acknowledges the applicability of the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989 to this License. Utility agrees to comply with these laws in performing this License and to permit City to verify such compliance.

9.19 Governing Law; Jurisdiction. It is mutually understood and agreed that this License shall be governed by the laws of the State of Arizona, both as to interpretation and performance. Any action at law, suit in equity or judicial proceeding for the enforcement of this License or any provision thereof shall be instituted only in the courts located within Pinal County, Arizona.

9.20 Delivery, Procedure of Notices and Communications. All notices, consent or other communication under this License shall be in writing and either delivered in person, sent by facsimile transmission, deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, or deposited with any commercial air courier or express service and addressed as follows:

To: Global Water Resources, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027  
Attn: Trevor Hill  
Fax: 623-580-9659

To the City: City of Maricopa  
P.O. Box 610  
Maricopa, Arizona 85239  
Attn: City Manger  
Fax: 520-568-9120

With a copy to: Fitzgibbons Law Offices, PLC  
711 East Cottonwood Lane, Suite E  
Casa Grande, Arizona 85222  
Attn: Denis Fitzgibbons  
Fax: 520-426-9355

Notice shall be deemed received at the time it is personally served or, on the day it is sent by facsimile transmission, on the second day after its deposit with any commercial air courier or express service or, if mailed, three (3) calendar days after the notice is deposited in the United States mail as above provided. Any time period stated in a notice shall be computed from the time the notice is deemed received unless noted otherwise. Any party may change its mailing address, fax number or the person to receive notice by notifying the other party as provided in this Section. Notices sent by facsimile transmission shall also be sent by regular mail to the recipient at the above address. This requirement for duplicate notice is not intended to change the effective date of the notice sent by facsimile transmission.

9.21. Organization/Employment Disclaimer. This License is not intended to constitute, create, give rise to, or otherwise recognize a joint venture, agreement, or relationship, partnership, or formal business organization of any kind, and the rights and obligations of the Parties shall be only those expressly set forth therein. Utility agrees that no persons working for Utility are City employees and that no rights of City Civil Service, Retirement or Personnel rules accrue to such persons. Utility shall have total responsibility for all salaries, wages, bonuses, retirement, withholdings, workmen's compensation, unemployment compensation, other benefits, and all taxes and premiums appurtenant thereto concerning such persons, and shall save and hold City harmless with respect thereto.

9.22 Entire Agreement; Amendment; Waivers. This License, and the below listed exhibits which are incorporated herein by this reference and are attached hereto and/or on file at City and available for inspection, constitute the entire agreement between City and Utility with respect to the transactions contemplated therein and supersede all prior negotiations, communications, discussions and correspondence, whether written or oral, concerning the subject matter hereof. No supplement, modification, or amendment of any term of this License shall be deemed binding or effective unless executed in writing by the Parties. No waiver of any of the provisions of this License shall be deemed, or shall constitute, a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

9.23. Right of Parties. Nothing in this License, whether express or implied, is intended to confer any right or remedies under or by reason of this License on any persons other than the Parties to this License and their respective successors and permitted assigns, nor is anything in this License intended to relieve or discharge any obligation or liability of any person who is not a Party to this License, nor shall any provision hereof give any persons not a Party to this License any right of subrogation or action over or against any Party to this License.

9.24. Construction. This License is the result of negotiations between the Parties, none of whom has acted under any duress or compulsion, whether legal, economic or otherwise. Accordingly, the terms and provisions of this License shall be construed in accordance with their usual and customary meanings. The Parties hereby waive the application of any rule of law that otherwise would be applicable in connection with the construction of this License that ambiguous or conflicting terms or provisions should be construed against the party who (or whose attorney) prepared the executed License or any earlier draft of the same. Unless the context of this License otherwise clearly requires, references to the plural include the singular

and the singular the plural. The words "hereof," "herein," "hereunder" and similar terms in this License refer to this License as a whole and not to any particular provision of this License. All references to "Sections" herein shall refer to the sections and paragraphs of this License unless specifically stated otherwise. The section and other headings contained in this License are inserted for convenience of reference only, and they neither form a part of this License or are they to be used in the construction or interpretation of this License.

9.25. Severability. If any covenant, condition, term or provision of this License is held to be illegal, or if the application thereof to any person or in any circumstances shall to any extent be judicially determined to be invalid or unenforceable, the remainder of this License or the application of such covenant, condition, term or provision to persons or in circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each covenant, term and condition of this License shall be valid and enforceable to the fullest extent permitted by law.

9.26. Cooperation and Further Documentation. Each of the Parties agree to provide the other with such additional and other duly executed documents as shall be reasonably requested to fulfill the intent of this License.

9.27. Survival of Representations and Warranties. All representations and warranties made in this License shall survive the execution and delivery of this License.

9.28. Force Majeure. For the purpose of any of the provisions of this License, neither Utility nor City, as the case may be, shall be considered in breach of or in default of their obligations under this License as a result of the enforced delay in performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God, acts of the public enemy, acts of the Federal Government, acts of Pinal County, acts of the State of Arizona or any of its departments or



commissions, acts of any railroad, fire, floods, epidemics, strikes, lock outs, freight embargoes and unusually severe weather; it being the purpose and intent of this provision that in the occurrence of any such enforced delay, the time for performance of Utility's and City's obligations, as the case may be, shall be extended for the period of the enforced delay, provided that the party seeking the benefit of this provision shall have notified the other party thereof in writing of the cause or causes thereof, and requested an extension for the period of the enforced delay. If notice by the party claiming such extension is sent to the other party more than thirty (30) days after commencement of the cause, the period of delay shall be deemed to commence thirty (30) days prior to the giving of such notice.


9.29. Recitals. The Parties represent and warrant that the recitals as stated above are accurate, current and are incorporated herein by this reference.

IN WITNESS WHEREOF, the Parties have caused this License to be executed as of the date first set forth above.

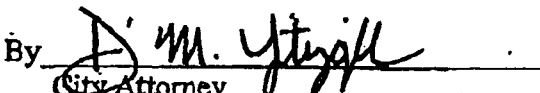
CITY OF MARICOPA

By   
Its Mayor

Attest:

By   
Its City Clerk

Approved as to form:

By   
City Attorney

UTILITY

Palo Verde Utilities Company, LLC/Global Water-Palo Verde Utilities Company

By [Signature]  
Its PRESIDENT

Santa Cruz Water Company, LLC/Global Water-Santa Cruz Water Company

By [Signature]  
Its PRESIDENT

STATE OF ARIZONA )

) ss.

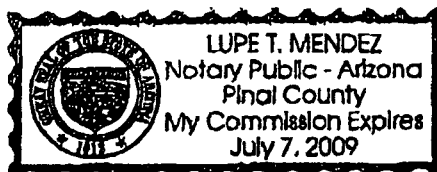
County of Pinal )

On this 4th day of Dec. 2006, before me, the undersigned officer, personally appeared Kelly Anderson, who acknowledged himself to be the Mayor of the City of Maricopa, an Arizona municipal corporation, and that he/she, in such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHERE, I hereunto set my hand and official seal.

[Signature]  
Notary Public

My Commission Expires:

July 7, 2009

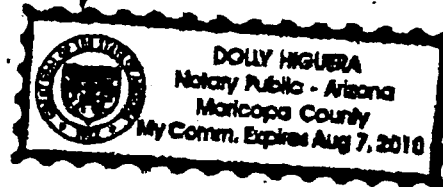
[illegible]

On this 10<sup>th</sup> day of November 2006, before me, the undersigned officer, personally appeared TREVOR T. HILL, who acknowledged himself to be the PRESIDENT of Palo Verde Utilities Company, LLC/Global Water-Palo Verde Utilities Company and that he, in such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHERE, I hereunto set my hand and official seal.

My Commission Expires: Aug 7, 2010.

Notary Public

[illegible]

On this 10th day of November 2006, before me, the undersigned officer, personally appeared TREVOR T. HILL, who acknowledged himself to be the President of Santa Cruz Water Company, LLC/Global Water-Santa Cruz Water Company and that he, in such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHERE, I hereunto set my hand and official seal.

My Commission Expires: Aug. 7, 2010

Notary Public

